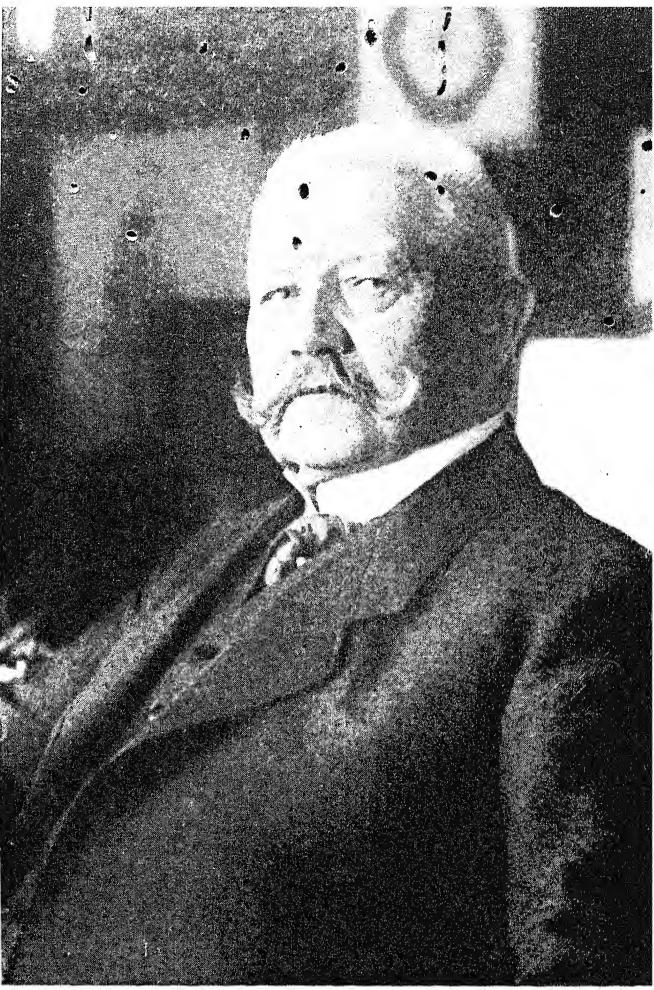


THE RISE OF
THE GERMAN REPUBLIC



PRESIDENT HINDENBURG

THE RISE OF THE GERMAN REPUBLIC

BY
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PREFACE

THE events with which this book deals are too recent to allow of anything more than the application of a quasi-historical form to the fruits of personal recollection, experience, and enquiry. In part they have been described in memoirs and writings by several of the principal characters in the drama of Germany's emergence from the lost war.

The former Kaiser and Crown Prince has given an account of the part played by him in the events that led up to the war; the Crown Prince has described his own exploits and his contributions to strategy. The German High Command, both naval and military, has contributed very considerably to the literature of the war; Grand Admiral von Tirpitz and Admiral Scheer among the former, and Hindenburg, Ludendorff, Hoffmann, and Colonel Bauer among the latter, have written memoirs. The Chancellorship of Bethmann-Hollweg is mirrored in his two volumes of reminiscences, and that of Herr Michaelis in an autobiography, that of Count Hertling has been described by his son. The events of the political revolution have been described by Prince Max of Baden and Herr Mathias Erzberger in documental detail. The last stages of the war from the political angle are dealt with in the life of Albert Ballin, in Rathenau's letters, and in the Memoir of Herr Scheidemann. *Der*

Zusammenbruch. The November Revolution is described vividly by Herr Noske in *Von Kiel bis Kapp*, and by Richard Muller in three volumes of inconsequent but valuable papers and pamphlets. The story of the Reichswehr has been traced through the transition period by General Maercker. The earlier stages of the Reparation controversy have been dealt with by Herr Carl Bergmann; and Dr. Schecht, the President of the Reichsbank, has told the story of the mark's decline and the attempts at stabilisation.

These are but a few of the leading books among the vast number that have appeared in Germany since the war. But they are for the greater part written by those who took part in the events they describe, and are often simply the case for the defence.

As far as possible I have avoided their views and conclusions except where I could obtain confirmation in other quarters. There still remains much to be revealed, and the gaps will only be filled when the period is brought into a true historical perspective. This book is intended to afford a separate and detached survey of the German Revolution and its consequences. Chief among these are the Reparation struggle, the occupation of the Ruhr, the inflation of the mark, and the introduction of the Dawes Plan. All these events were related not merely to one another, but also to the main thread of German affairs during the period, the rise of the German Republic and its struggle against reaction. My purpose has been to describe them together and in the simplest form. Simplicity, indeed, has been the constant aim. Thus in the account of the inflation of the mark and its so-called stabilisation under the Dawes Plan, I have not used a single statistical table.

The book has been written and revised in rare half-hours of leisure. In the process of sifting facts and examining motives I have cleared my own mind on a good many points. The fruits of that experience are placed at the service of those who are interested in the future of Germany as one of the prime factors in the peace of Europe.

H. G. D.

PARIS,

September, 1927.

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THE RISE OF THE GERMAN REPUBLIC

CHAPTER I

THE WORKMAN AND THE WAR

THE revolution which was the antecedent to post-war Germany was not spontaneous. Though the immediate result of a lost war, it had roots that reached into the political history of the nineteenth century, to go no farther back. It is not necessary here to trace its causes even to the bourgeois revolution of 1848. But the germs were there in 1865 when Wilhelm Liebknecht broke with the policy of Lassalle, as carried on by von Schweitzer. The German Socialist Party thenceforth showed two distinct directions. The one, that of Lassalle, aimed at the evolution of the Socialist state by way of universal suffrage and political development. The other, based on the idea of "back to Marx," pursued the theory of a universal collapse of the capitalist state before the reconstruction of the Socialist state could be undertaken. The difference persisted through the years. In 1870, on the outbreak of the Franco-Prussian war, Schweitzer voted in the Reichstag for war credits, August Bebel and Wilhelm Liebknecht regarded the war as an affair of dynasties, themselves remaining aloof and neutral. Karl Marx himself had been in favour of a German victory over

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France, but that was because he hoped for a united Germany as being more favourable to the development of a Socialist state.

The situation was to be repeated in 1914. The Socialist Party was again confronted with the question of war credits. The decision was taken, not in the Reichstag as is commonly supposed, but at a meeting of the Socialist members held in the Party room in the Reichstag building on August 3rd. The resolution took the form of a declaration that Germany was faced with invasion and that Socialists had to decide not for or against war but for the defence of their country. It declared with a good deal of rhetorical flourish that the German people risked all in the event of a victory of Russian despotism. "We will not leave our own Fatherland in the lurch in the hour of peril. Therein we feel that we are in harmony with the International which has always recognised the right of all nations to national independence and self-defence, just as we agree with it in condemning all wars of conquest." These were the principles on which the Social Democratic Party instructed its Reichstag members to vote credits for a war which was nothing in its conception if not a "war of conquest."

Fourteen members of the party voted against this resolution. But when the credits came up for voting in the Reichstag itself the dissident members bowed to the traditional party discipline and all but one voted with the majority. The single exception absented himself at the moment of the vote being taken.

There were thenceforth two divergent currents in the Socialist Party. The one retained the party organisation and under the direction of the same men who had been its most prominent leaders it pursued a policy of opportunism and development very much on the lines that conformed with the spirit and writings of Lassalle. It

became known as the Majority Socialist Party. The other developed, though slowly, into the Independent Socialist Party and represented the pure Marxist school. It differed in its attitude, however, from that of Bebel and Wilhelm Liebknecht in 1870 in that it was actively hostile to the war. But the separation was not immediate ; it was, in fact, a slow process.

On August 3, when war was declared against the British Empire, an excited mob gathered outside the Berlin Schloss to cheer the Kaiser. Replying from the balcony, he said, "I no longer recognise parties ; I recognise only Germans." But he was going a great deal further than the Germans were prepared to go with one another. The idea that the Socialists had sunk their differences with the State by voting credits for the war is erroneous. At first, indeed, the division on the war credits was hardly apparent even within the Party. It was not a constant factor until the end of October 1914, when the truth about the lost battle of the Marne had become known. The bulk of the nation knew nothing of the Schlieffen plan, and though the promised capitulation of Paris on Sedan Day (September 2) had not occurred, the people in general had no idea of the extent to which their prospects of victory had suffered. But by November they had some glimmerings that the war was going to be a long one. In December, when the supplementary war credits came before the Reichstag, the fourteen Independent opponents had become seventeen. On this occasion Karl Liebknecht (son of Wilhelm Liebknecht), leader of the extreme wing, voted openly in the Reichstag against the credits. It was the first public step in a chain of events that was to culminate in the revolution. In March of the following year two Independents voted against the credits and thirty left the Hall.

One of the immediate effects of this secession from the

orthodox ranks of the Socialist Party was that the Majority was obliged to concern itself with "war aims." This was not the case with the other parties, who blindly accepted the militarist conception of a triumphant end to a victorious war, in which Belgium would disappear into the complex of the German Federation, and, as Herr Helfferich expressed it, "Germany would be surrounded by a ring of states paying tribute." The Socialists began, it is true, with a war mentality not greatly differing from that of the militarists. But they were the first to come to their senses and to perceive, among other things, that the Socialist Party, its aims and ideals, were likely to stand a poor chance in the atmosphere of a post-war Germany glutted with conquest.

It had been expected that the German Trade Unions, which numbered two and a half million members, would play a prominent part as arbiters of peace or war. They were highly organised, they were rich in funds, and they had controlled the International Trade Union Conferences up to the outbreak of the war. Through their leaders they had declared over and over again that the organised workmen would not tolerate war. The question had been exhaustively discussed at the Stuttgart Congress in 1907, and it split the International. Bebel came away convinced that among Socialists national feeling was rather on the increase than the decline but his view was not widely shared.

Yet when war came they were found on the side of war. They regarded it as inevitable. Already before it came the spirit of Chauvinism pervaded the rank and file of the Trade Unions at home, though the leaders had suppressed it as far as possible in the international labour conferences. They entered at once into a truce with the employers, they decided to shelve all questions which might lead to strikes, and they issued patriotic mani-

festoes in the best jingo manner. It has been since asserted by German Trade Union leaders who attended the meetings of the Federation of Trade Unions at the beginning of the war, that the Unions were chiefly concerned for the fate of their funds.

A wave of panic ran through the business organisations of most belligerent nations when the first shock of war came. The Germans certainly did not escape it. They, like their opponents, had not realised the part industrialism was destined to play in modern warfare. So it happened that they at once began to take what they considered protective measures, which in their case meant ruthlessly discharging hands in large numbers, cutting down wages, and working short time. In the second year of the war, when labour had begun to be combed out and the enormous demand for munitions had led to the complete reorganisation of industrial labour, they pursued an equally short-sighted industrial policy. The boom in manufactures came, and some of them made enormous profits. But for a long time afterwards they continued to pay the lower wages they had instituted when women came into the factories as munition workers to replace men who had been drafted into the fighting forces. By the time the industrialist had decided that it was policy to assign a share in his profits to his workpeople by means of fairer wages, the discontented had been given a new weapon. They used it, in conjunction with the high prices of food in Germany in the anti-war propaganda they were beginning to develop.

By this time the Independent Socialists were a force to be reckoned with. They were not only organised within Germany, but they had foreign relationships also, and their first anti-war manifesto was launched at the Zimmerwald (near Berne) Conference in September 1915. The Russian representative was Lenin. Here it first became

noticeable that there were two currents within the Independent Socialist Party, and the differences which subsequently resulted in the breaking away of the extremists to form a party on Communist principles were for the first time openly apparent. Karl Liebknecht and his group had from the first organised anti-war demonstrations and had courted collisions with the police. These earlier exhibitions were so feeble that they attracted little notice, but they were sufficient to exasperate the military authorities, who decided to silence him. He soon gave them the opportunity. Crossing through the Potsdamer Platz one day, he shouted at some passing troops, "Down with the war!" He was arrested and sentenced to four years' penal servitude (from which he was not released until October 22, 1918). The incident added to his following, which was steadily growing.

The Zimmerwald Conference was followed by a second conference at Kiental (also near Berne), at which the Russian Bolsheviks first revealed their real intentions. With the New Year the "Spartacus Union," the forerunner of the Communist Party in Germany, formally came into existence, and Liebknecht and his group began to hold conferences separately from the Independent Socialists. The leaders of the movement were Karl Liebknecht, Rosa Luxemburg, Franz Mehring, and Clara Zetkin, all subsequently associated with Moscow and Bolshevism. They co-operated in producing the notorious *Letters of Spartacus*, the circulation of which began soon after the Kiental meeting. The policy of the Spartacus Union was based on the Socialist manifesto or "Erfurt programme," from the strict principles of which the Majority Socialists had long departed.

The movement directed by Liebknecht was not without its initial successes. It was centralised in the industrial undertakings of Berlin, chiefly the metal trades, and it

gained considerably from the fact that Richard Müller, a leader of the Metal Workers' Union, was one of its early adherents. Gradually the Trade Unions began to doubt whether they had best protected their interests in co-operating with their employers to prosecute the war. The doctrine, "whoever might win the war, the workman would lose it," gained ground in the rank and file of the Trade Union membership. Yet it was long before it found acceptance even among the Berlin Trade Unionists. It never secured the support of the majority of the Trade Union leaders or the political leaders of the Majority Socialist Party. Except perhaps in Leipzig and Munich, the industrial workers of the provinces remained far behind the Independent Socialists, and still farther behind the Spartacists in their opposition to the war, while the rural workers were hardly affected at all.

In Berlin, however, the development became steadily more menacing. The first symptom, which might have alarmed the military and civil authorities if they had had any conception of control other than by force, was an epidemic of "wild strikes." These, though they had long been common enough in England, were something new in Germany. Hitherto a strict code of Trade Union rules had governed strikes, and the infringement of these rules came as a surprise. The strike of the metal workers, organised by the Spartacists quite independently of the Trade Unions when Liebknecht was sent to penal servitude, was greeted with amazement. Sporadic outbreaks continued until, in June 1916, the first "Mass Strike," political in its inception and purpose, broke upon the authorities as a bolt from the blue. In actual fact, as we know now, it had been steadily prepared since the Zimmerwald Conference. It had one signal incident—Rosa Luxemburg, one of the leading spirits of the Spartacus Bund, was placed under preventive arrest and never

left prison until after the Revolution had broken out in November 1918. Anti-military strikes in time of war had been anticipated as far back as 1907, when Herr Clemens von Delbrück drew up a scheme to meet them.

Though the strike soon collapsed, it had exercised a decisive influence on the course of the revolutionary movement. A general strike against war was no longer the inconceivable thing it had seemed. The German industrial worker was familiarised with it. The organisers of it were satisfied with the results as far as they went. The authorities were shaken out of the lethargic conception of control by force to consider other means of combating disaffection. They turned to the idea of universal service, social as well as military, and discussed its possibilities with the Majority Socialists and the Trade Union leaders. A Universal Service Law was drawn up for conscripting the whole nation either for military or some other service. The rank and file of labour, even on the land, at once opposed it. The men had never been consulted, and the leaders, not for the first time, had overestimated their own influence. The law was exploited to the utmost by the Independent Socialists, and when it was used in the most ruthless manner by the German employers to speed up labour for their own profit, the flames of discontent received new fuel.

A bad harvest was followed by another sinister event, the Petrograd revolution, and the two exercised a far-reaching influence upon the movement in Germany. To all intents and purposes the Russian workman had "disengaged himself" from the war, and when the more restless spirits among the German factory workers read of street-fighting in Petrograd they began to ask themselves whether revolution was not the only way out. That this idea had begun to ferment is evident from the second great strike, which broke out in April 1917. The Inde-

pends and Spartacists now had a fairly strong following, not only in the factories of Berlin, but also in the industrial districts of Saxony and Thuringia. During the strike the workmen of Leipzig issued their demands in the form of a manifesto, which was far more political than economic, though it reflected also the very bad food conditions prevailing at the time. It might have had a more immediate effect but for the sudden prospect of peace from another quarter.

The actual phrase, "Peace without annexations or indemnities," appears to have its origin in a Soviet declaration published in Petrograd in 1917. The German Spartacists soon made it their own, and in various forms it was destined to exercise a profound influence on the course of the war. Hugo Haase, the leader of the Independent Socialists, had declared for peace, on behalf of his party, as early as 1915, but he had not formulated any conditions. It was not till much later that the phrase "Peace without victor or vanquished" was coined.

At the opposite end of the pole were the German expansionists who had the widest schemes of extending Germany's frontiers on all sides, including the absorption of Belgium, a western frontier to the Meuse and Moselle, a vassal kingdom of Poland, German dukedoms in the Baltic States, and a vast colonial empire at the expense of France. The Chancellor, Herr von Bethmann-Hollweg, with at least some understanding for the temper of Germany's opponents, was not in sympathy with these plans, and gradually the storm gathered round him.

Many individuals claimed the doubtful honour of having brought about his fall. At the outset von Bethmann-Hollweg had urged the prosecution of the war as vigorously as was consistent with the restraints which would have appealed to any Foreign Office official in any country —restraints which certainly appealed to our own. His

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attitude towards the complicated question of peace was well known. After the Marne it had been thought in some quarters that a formal declaration by Germany might be sufficient to end the war, but he would have nothing to do with any proposal that involved the return of Alsace and Lorraine to France. His hand was constantly being forced in the Reichstag, and the Prussian Diet (of which he was *ex officio* Premier), and as the movement of the dissentient Socialists gained force he found other questions thrust upon him. Thus he was compelled to consider that of parliamentary government, and with it the antiquated Prussian franchise. Prussia then, as now, was the key to the repository of power. The military party saw in him a danger, arguing, as military parties are wont to do, that he must either be in favour of complete victory with all its attendant triumphs, or he must be a defeatist.

Memoranda, some of which have since been published, were put in circulation. One was the work of Dr. Kapp, then a provincial official in East Prussia, whose signature, "Junius Alter," had earlier obtained notoriety. Another was drawn up by Colonel Bauer, Ludendorff's Chief of Staff. A third seems to have been set afoot in the entourage of Admiral Tirpitz. The purport of them all was the same—Bethmann must go. The Crown Prince Wilhelm and General Ludendorff were drawn into the intrigue, and with these forces arrayed against him it is not surprising that von Bethmann Hollweg fell. On Hindenburg and Ludendorff representing to the Kaiser that they would be unable to prosecute the war if the Chancellor remained, the Kaiser made one of his characteristic replies. They were generals, he observed, and had to obey, and besides von Bethmann had already been dismissed.

The summary dismissal of von Bethmann-Hollweg had all the appearance of a determined gesture. Actually it was the first big political success of the revolutionaries,

soon to be followed by another. There is nothing but weakness to be discerned in the choice of Herr Georg Michaelis to succeed Bethmann-Hollweg in the Chancellorship. Herr Ballin called it a grim idea, and declared that Germany had no time for rash experiments. The selection can be placed side by side with Michaelis's own account of how he came to accept it. He was a Moravian, and when the call came to him he sought *Sorites* in the Moravian calendar text for the day. It was Joshua, Chapter 1 verse 9 : "Have I not commanded thee ? Be strong and of ~~good~~ courage ; be not afraid, neither be thou dismayed , for the Lord thy God is with thee whithersoever thou goest." This he accepted as a final indication from Heaven that its choice had fallen upon him and he went to work in the wholly strange field of politics on this simple assumption. It is as though the fate of Germany had gone by the spin of a coin. But it so happened that it was in other hands.

The Reichstag peace resolution, though a sham from the beginning, was really the fruit of the Spartacus agitation. Since it registered for the first time the loss of public confidence in the military leadership, it represented from their point of view a handsome achievement. There is nothing to show that any single party, even the Independents themselves, then recognised it for what it was, and it came to an ignominious failure in the hands of the Chancellor. He determined its fate and his own by the accident of a phrase, "the Peace Resolution, as I understand it," which was taken to indicate the hollowness and insincerity of the whole proceeding. Peace turned on Germany's making an unequivocal declaration with regard to Belgium. At the Socialist Party Congress at Wurzburg, Scheidemann decided that Michaelis must go, and that the bill for the reform of the Prussian franchise must succeed. In due course Michaelis returned

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to the polite obscurity of Prussian officialdom as governor of a province.

Count Hertling, who succeeded him as Chancellor, did not fulfil the hopes of the Socialists with regard to parliamentarism or peace. When his nomination was said by Herr von Heydebrand (known satirically as "the uncrowned King of Prussia") to be intended to pave the way to parliamentarism, the new Chancellor vehemently rejected the idea, declaring that he at least had no intention of being party to its introduction. He had once before put his views on the matter into terse form : "Parliament is an institution for regulating the simplest things in the most difficult way," he declared. As a convinced and loyal Monarchist he regarded Monarchy and parliamentary government as incompatibles.

The seceders from the Socialist Party who had followed the doctrinaire Hugo Haase would have preferred to remain within the parent Party for outward reasons. But political discipline had always been the strong point of the Socialists, and the conditions for the continuance of unity were rigid. They meant submission or expulsion, and at Easter 1917 Haase and his followers held a meeting at Gotha, where they constituted themselves the Independent Socialist Party. Like all German parties, they immediately developed a right wing and a left wing. The right wing was destined to rejoin the main body of Socialism after a separate existence of less than six years. The left wing began its path towards spiritual union with the Bolsheviks of Moscow.

A scene at the peace discussions at Brest Litovsk between the new Bolshevik power in Russia represented by Trotsky and the old Prussian Power represented by General Hoffmann has become the subject of a legend. General Hoffmann, in his book *The War of Lost Opportunities*, denies the sword-rattling incident. He justified

the return of Lenin and Trotsky to Russia under the protection of the German Government to set loose Bolshevism in the Romanoff State as a legitimate weapon, somewhat analogous to poison-gas. That it could be wafted back to Germany's own disadvantage nobody seems to have foreseen, yet there is no doubt that the revolutionary movement in Germany derived great impetus from Leninism. The truce between capital and labour had long been disregarded, but the revolutionaries lacked a definite goal. In the technical sense of the word they were without direction. But the pamphlets of Spartacus and the literature of the revolution show that at this period the agitation began to gather momentum.

The severe comb-out of the German industrial undertakings which took place in the autumn of 1917 had a double effect. Coupled with food shortage at home, and the glaring social contrasts that had been produced by war profiteering, was anger at the discrimination shown by the military authorities in pressing into military service men who were known to be infected with the virus of revolutionary propaganda. The papers of these men were marked with a code word that was known right through the army, and it was argued that they could better be kept under observation there than in the factories. Actually, however, they proved to be emissaries of revolutionary propaganda among the German troops. The leaders of the Independent Socialists, and the more extreme among the Trade Unionists, raised a great outcry, but it is probable that they were secretly satisfied. They had already begun to realise that the troops were necessary to their purpose if their plan of ending the war on the Russian model was to have any chance of success. Contact with the troops had been begun after the strike of April 1917, one of the revolutionary leaders, Ernst Daumig (afterwards a Communist deputy in the Reichstag) being

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assigned the task of "enlightening the Army." As the German troops numbered from first to last some twelve million men, the dimensions of his task may be imagined. The movement had greater success with the fleet, and an incipient mutiny was provoked, which the naval authorities suppressed with a ruthless hand—doubtless the only sane way of dealing with any mutiny. That the Spartacists made some headway with their designs on the Army is borne out in the memoirs of many Army officers. But it is difficult to arrive at the truth on this point; the defeated generals would naturally prefer that the element of treachery in their defeat should be magnified. Colonel Bauer, while he asserts that the propaganda must have assumed extensive proportions, admits that right up to the eve of the revolution the regimental officers were quite ignorant of anything of the kind.

CHAPTER II

MUNITION STRIKES AND MUTINIES

THE trend of events might have been detected in the late autumn of 1917 if the military leaders had been accessible to fact. The Majority Socialists, accustomed to measure the barometer of working-class feeling, knew well what was impending, and after the failure of the Peace Resolution they warned the Government that it must make a clear statement upon its attitude towards peace. That exasperation was becoming acute among the workpeople must have been very evident. Food conditions were bad, no doubt, but it is difficult to say whether they were the mainspring of the movement or not. Herr Wermuth, then the Chief Burgo-master of Berlin, in his memoir *Ein Beamtenleben* said they were not; Herr Scheidemann, at that time one of the leaders of the Majority Socialists, said nothing about them in his book *Der Zusammenbruch*, but only emphasised the bitterness of labour at the penal methods of enlistment, the suppression of the right of public meeting, the state of siege, and the constant censorship. Not until six years later, in the libel case brought by President Ebert at Magdeburg, did he declare that the food conditions were one of the factors that led to the January strike of 1918.

By the autumn of 1917 the soil was prepared. The great munition strike, deliberately fomented by the more extreme elements, broke out in the German munition factories early in 1918. The Independent Socialists,

Spartacists, and workmen formed a strike committee in Berlin, from which they did their best to exclude the Majority Socialists. The Trade Union leaders had remained aloof from it as the strike was a "wild strike," and at first the Majority Socialists were inclined to do the same. But its revolutionary character was evident at a very early stage. Some Trade Unionist workmen from the factories (they were called "Social Patriots" in those days) came to the Majority Socialist leaders and pressed upon them the importance of taking hold of the reins in the strike committee, because the strike would otherwise end in revolution and chaos. The strike committee, after having at first rejected the proposal, was induced to support it. Once in the committee, the Majority Socialists, led by Friedrich Ebert, Philipp Scheidemann, and Otto Braun, began to guide the movement into calmer channels with the intention of bringing it to a speedy end. Their efforts were what might have been looked for in the "Kaiser's Socialists." They were not appreciated, however, and a deputation to Herr Wallraf, the responsible Minister, was not received. To those in power, the military and the old officials, one Socialist was exactly like another. Ebert, for his share in the strike, was treated like a traitor. At the Party conference of 1916 he had opposed the first proposals for a strike, and in a sworn declaration (made to the Magdeburg court at the trial of a man named Rothard for libel on December 9, 1924) he declared that he had always opposed in principle strikes by workmen engaged in any war industry.

It is plain that the strike did not emanate from them. As soon as they took control it lost its revolutionary character, to the extreme disappointment of the Spartacists, who had done their best to keep the Majority Socialists out of the committee. It was therefore no mean feat on the part of the latter to bring it to an end. The

Spartacists had had plenty of time to prepare it, and their preparations, though inadequate for a real revolution, were quite sufficient to have caused a serious dislocation in the provision of supplies for the Front if the strike had been allowed free course. It lasted, however, only a few days and then flickered out. It had little or no effect on the prosecution of the war. But it served to emphasise the social contrasts at home, and still further to embitter the relations of the various sections of labour.

There had been alternative promises of peace and victory, and the plain truth was not told to the people until June 24, 1918, when Herr von Kuhlmann, then Secretary of State for Foreign Affairs, asserted in a speech that the war could not be won by purely military means. Many Germans had realised this patent truth after the loss of the battle of the Marne, yet nearly three and a half years elapsed before a statesman found the courage to tell the country so. Even then it was possible to blind the masses for a little longer, while a new Secretary of State, Admiral von Hintze, took his place and a fresh assault was prepared. But by the end of August concealment was no longer possible, and the propaganda of Admiral von Tirpitz's "Fatherland Party" (the forerunner of the German Volkische and National Socialists of the extreme Right) for extravagant conquests and indemnities began to look a little ridiculous.

Germany as a nation now realised that unless a miracle happened the war was lost. The projected "hunger blockade" of Great Britain by means of the ruthless submarine warfare on seaborne food supplies, the vaunted "starving of British women and children" proved a dream. The submarines had failed to bring Britain to her knees, they had failed to prevent the transport of the American troops; Ludendorff's supply of reserves was almost exhausted. At home the cry for a decision

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one way or the other had become insistent. Discontent not only with the conduct of the war, but also with the conduct of the country, was rife; there was a demand for popular representation and franchise reform. As a forlorn hope, but too late, the Kaiser called upon Prince Max of Baden to form a Cabinet for the express purpose of introducing parliamentary government.

This event, less noticed than the more spectacular one which followed in November, constituted the real German revolution. It marked the departure from the absolutist regime, and with it came the abolition of the old Prussian class franchise. Thenceforth also the civil administration passed under a new system. At the same time there can be little doubt that the change would have taken place even if the war had not intervened. An analysis of the movement of public opinion, as expressed in the voting, suggests that the result had been long preparing, and was indeed inevitable. Between the era of Bismarck and 1912, when the last pre-war election for the Reichstag took place, there was throughout Germany a steady trend towards democracy. In some parts of the country the swing was so pronounced as to be almost violent. It was a plain indication that Germany was heading away from absolutism and towards a system of parliamentary government, which in the long run could not have been withheld. Yet parallel with this, though only in the later stages, and less easily discernible in the election records, began the movement which regarded parliamentary government as a decaying institution. The inference, however, might have been drawn that Germany, true to her habit of slow evolution, would be likely to try parliamentary government first.

Prince Max, heir to the Grand Ducal throne of Baden, was considered a liberal Prince, in normal times no particular recommendation. The liberal spirit, especially

in princes, had gone quite out of fashion during the war, being almost completely submerged by illusions of victory and greed for territorial expansion. But after Herr von Kuhlmann's admission that the war could no longer be won by military means, and amid the growing discontent of the industrial population, a liberal Prince might have his uses. Besides, his was a very conditioned liberalism—even round that a controversy had raged. He had, however, taken a large if unobtrusive part in the secret discussions of Lord Lansdowne's famous letter, in the Papal peace offer intrigues of 1917, and more especially in the political offensive which had accompanied the military offensive between March and July, though each time he had seen his efforts defeated by the grasping arrogance of the annexationists. There had followed the Allied offensive, to the ruin of Ludendorff's plans, accompanied by defeat in the field for Germany's allies. With it had come the slow recognition by German General Headquarters that von Kuhlmann had been right and that Germany's enemies could not be broken by military efforts alone.

The generals, staff officers, and civil Cabinet went to extraordinary lengths to keep the Kaiser in ignorance of the real situation. Various peace schemes were interesting the more liberal of the German politicians, put forward at times when, having in view the military position, they might have presented an object for discussion to the Allied and Associated statesmen. But the "men around the Kaiser" could not envisage a peace by understanding, were incapable of appreciating the motives inspiring its advocates, and indeed were accustomed to see in all "peace feelers" the first steps to surrender. The letters which passed between Prince Max and the Kaiser through the liaison officers afford a valuable insight into German mentality in defeat. There was constant delay in reaching

the simplest decision at a stage when every moment was precious, and time on the side of the Allies. The leaders of military and imperial Germany seemed much more absorbed in their dynastic plans for a conquered Eastern Europe than they were in the means by which conquest was to be achieved.

Yet all this time constitutional changes were in progress towards the restriction of absolutism. One, by which a large measure of the Chancellor's responsibility was taken from him and given to a committee of the Reichstag, has had a lasting effect on post-war Germany, and not altogether with the best results. Parallel with these movements was the growing conviction that the voice of the Reichstag could not be disregarded indefinitely. The most striking sign of the times was the pressure of the Majority Socialists (in parliamentary practice little more than moderately advanced Democrats), who had begun to show their political effectiveness during the Michaelis Chancellorship. Their views on peace had progressed, and they were now a power both inside and outside parliament. They had opposed the munition strikes provoked by the Independent Socialists and Spartacists. What if they should support the next ones? It was plain that the strongest tendency in Germany was away from absolutism and towards parliament.

It was in these circumstances that the aged Count Hertling, the Bavarian stop-gap Chancellor, resigned. His departure coincided with the breach of the Hindenburg line and the lethal operations in Cambrai and Flanders that led up to it. The extent to which the German losses had surprised and alarmed Ludendorff and the operations staff was not known, but this alarm was evidently one of the factors in the adoption of Prince Max as their candidate for the Chancellorship.

Summoned to Berlin, and placed (more or less) in

possession of the broad facts that lay behind Ludendorff's armistice demand, Prince Max drew up his programme for ending the war. There was to be no peace offer, but a plain and unequivocal proclamation of Germany's war aims, in which "considerable concessions" (never specified) were to be made to Germany's enemies. Emphasis was to be laid upon Germany's absolute determination to fight to the death, should humiliating peace terms be imposed. But on reaching Berlin the new Chancellor found a very different set of conditions. Among the first reports to reach him was one from Field-Marshal von Hindenburg, dated October 1, 130 p.m., in which this passage occurred: "If by 7 or 8 o'clock this evening there is any certainty that Prince Max will form a Government I agree to the postponement [of the armistice request] till to-morrow morning. On the other hand, if the formation of the Government should be in any way in doubt, I consider the issue of a declaration to the foreign Governments desirable to-night."

The whole situation had arisen, of course, from Ludendorff's loss of nerve and hurried demand for an armistice in order that he might rest his troops. Seeing his army breaking to pieces under his eyes he seems to have formed the naive idea that the Allied commanders would grant him a period to refit and rest, after which he could attack again. What he overlooked was that even supposing for a moment that the Allies might show him this measure of complaisance at the expense of their men, and even though he might restore his army, he would not have been able to bring back the home front once the word "armistice" had gone forth.

Having decided that he would refuse to form a Government without the Socialists, Prince Max would have preferred to work with Ebert, more especially as Scheidemann, the other Socialist leader, was opposed to his party

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taking over the management of the Kaiserreich, which he called "this bankrupt concern." The final decision, however, rested with the Socialist party managers, as was always the case, and he had to be satisfied with Scheidemann. Hindenburg continued to insist that the peace offer should be made ; the panic at General Headquarters was not confined to Ludendorff, but affected the entire High Command. The new Chancellor sought continuously for something more exact than vague proposals. In the hope that questions precisely formulated might steady them a little, he asked for a concise expression of their views on the future of Alsace-Lorraine, Poland, and the German Colonies. But he could not get it. At this stage the generals were quite incapable of appreciating realities.

His own impression was that there had been an immediate danger which was now past, and he still tried to postpone the armistice offer. Thereupon Ludendorff declared that a renewal of the Allied attacks in a very short while was inevitable, then the question of an armistice would arise again, and it would be important whether it was to be had twenty-four hours earlier or later. As the decay was evidently progressive, Prince Max gave way and signed. It may be assumed, however, that the request for an armistice would have been despatched whether he had signed it or not, and that one of the motives which influenced him was that if it had borne Hindenburg's signature instead of his own it would have looked like capitulation.

Defeat took a milder form than the German armies had the right to expect. The negotiations for an armistice were begun. Ludendorff was superseded and the military collapse was at hand. There seemed, indeed, no longer any possibility that it could be delayed. Sporadic mutinies in the Army had broken out. At first they appeared among the troops in the rest camps, and

gradually they spread to the front line. Troops marching out would greet with derisive shouts the reliefs marching in. On August 23, 1918, Herr Stinnes had a conversation with Herr Ballin, the General Manager of the Hamburg-Amerika Line, which throws an interesting light on the situation at the time. He spoke of 32,000 deserters during the previous few days, of men being called up and not responding, of shirkers in Silesia hiding in the woods to escape the military, and the women bringing them food. The General Command was powerless to take action.

There had been an outbreak of mutiny in the German Navy in July 1917, which terminated with the execution of two sailors accused of being the ringleaders. At the time the ferment among the lower-deck ratings of the German battleships was ascribed to the agitation of the Independent Socialists, and especially to Wilhelm Dittmann, one of their leaders in the Reichstag. A closer examination of the circumstance leads rather to the conclusion that no single cause was responsible for it. A large number of the men were reservists and in peace time had worked at skilled trades, where they had come under the educative influences of the Trade Unions. They were quite capable of comprehending the political events of the day as mirrored in the newspapers. Since the Battle of Jutland the German fleet had been penned in and confined to home waters, and the opportunities for keeping the men busy were very limited. Officers of the fleet afterwards admitted to the Reichstag committee of inquiry that the men were insufficiently employed. It happened that the German peace resolution was about to come before the Reichstag. It was bitterly opposed by the "Fatherland Party" of Admiral von Tirpitz, very naturally, as its success must have discredited both his past policy of making war inevitable and his present programme of annexations. The propaganda of this

Party against the peace resolution had been carried on nowhere with greater intensity than among the officers of the High Seas Fleet, and that with the connivance of the Higher Command. On the other hand, whether as a reaction against this propaganda or as the result of direct influence, the men set high hopes upon the Socialist Conference which was to be held at Stockholm in the cause of a peace without annexations or indemnities. It has been stated by Dittmann, the Independent Socialist who was generally held responsible for the agitation in the fleet, that the leaflets of the Independent Socialists had passed the Censor and were public property. Two sailors came to see him in the Reichstag, but were told by him that his campaign was political, and that the Party would have nothing to do with military sabotage, incitement to desert, or mutiny. They returned to their ships, and when acts of insubordination subsequently broke out in the ships they were shot as agitators, others of their comrades being sentenced to long terms of penal servitude. The Spartacists, for their part, hardly attempted to make any propaganda among the crews.

The documents of their trial have since been made public. They show that whatever the causes may have been, a thoroughly bad moral prevailed in the ships, where side by side with contrasts in the food of officers and men, mistrust seems to have been rife among all ranks, fomented by espionage, provocation, and severity. These conditions did not come to an end with the drastic repression of the 1917 mutiny. As the end of the war approached, irksomeness and unrest became more and more rife.

It was in this atmosphere that the German Naval Staff in October 1918 hoped to make one last throw by bringing the British Grand Fleet to action. The motives that prompted them to take the risk are somewhat confused. On the one hand, the German armies were in full retreat

in Flanders, and there was every sign that the war would shortly end with their defeat. In that event the ultimate fate of the Navy, boxed up in its ports, was to be foreseen—as indeed it came to pass. Officers brought up in the traditions of the German Navy must naturally have preferred the thought of going down fighting to that of handing over their ships in ignominy. Admiral Scheer's plan of operations was considered a good one by expert opinion, and the greatest pains had been made to ensure its success. The great General Staff believed that when the right wing of the Army was driven back through Belgium, a British landing force might be thrown from the mouth of the Thames into Holland, and attack it in the rear. They therefore considered that a covering naval action might result in the saving of the lives of many soldiers. A third reason was political, and can best be stated in the words of Admiral von Trotha: "That he was firmly convinced that the German fleet would have dealt British sea power a very violent blow. If it had come to a decisive sea battle, the British fleet, the backbone of British world power, would have been so violently damaged, that the whole aspect of the world would have been changed."

The plan of operations had been prepared six months earlier, so that if the plea of covering the German rear holds good it is evident that the Germans had begun to contemplate defeat in the early spring of that year. But the motives are altogether confused and inconsistent. The success of the plan depended upon two assumptions—the one that the British Navy had made no progress in material since Jutland, the other that the German sailors would follow their officers. Only the latter was put to the test, though as to the former at least one German naval officer of experience, Admiral Galster, with some knowledge of the changes that had been made by Great

Britain on the experiences gained at Jutland, had far less confidence in the material superiority of the German fleet. The German calculations entirely disregarded the accession of strength to the British fleet by the arrival of the American super-Dreadnoughts. Allied sea power was stronger than it had been at any stage of the war.

The scheme of the attack was as follows : It was proposed to advance with one strong force to the Flanders coast and simultaneously with another strong force to the mouth of the Thames so as to intercept the enemy's transports. It was essential that the High Seas Fleet should take part in the operation. It was arranged that Admiral von Trotha should be in reserve with further strong forces. Twelve Zeppelins were to scout for the fleet, and all the submarines at the disposal of Germany were to be placed in several lines along the southward course of the British fleet. The minefields which lay athwart the enemy's course were to be still further extended. Finally, the entire force of the torpedo vessels was to be hurled against the enemy during the night of his advance. The sea battle was to take place in the neighbourhood of Terschelling.

The negotiations for an armistice had been in progress since October 6, when Prince Max had opened communications with President Wilson. In the teeth of naval opposition Germany had already given an undertaking to abandon the submarine war on commerce. The probable effect of a fleet action upon the peace negotiations does not appear to have been considered. The responsible officers declared that they had Prince Max's authority for it ; Prince Max has denied this, but has admitted that he was by no means opposed to it in principle. In any case, Admiral von Levetzow brought the order for the fleet action to Admiral von Hipper at 11 a.m. on October 22. Before it could be carried out the fleet had mutinied.

The German submarines had already been assigned stations to intercept the Grand Fleet as it came south ; many of them had taken up their positions ; the cruisers and torpedo-boats had set out upon their westward course, when on the morning of October 28 part of the ships' companies of the battleships *Markgraf*, *Thuringen*, and *Helgoland*, belonging to the Third Squadron of the High Seas Fleet, refused to obey, the order to weigh anchor. It is possible that if the officers of these ships had rallied the loyal remainder—and the mutineers were only about one-fifth of the personnel—the mutiny might have been suppressed. Instead, they asked for orders which did not arrive till the morning of October 29, when it was too late. The mutineers were then arrested, brought ashore and sent to fortresses, an exhibition of weakness which was not lost upon the fleet. The incident shows the extent to which dissatisfaction must have permeated the German fleet. The naval authorities knew it, or they would not have acted with so little decision.

On October 30 the battleships in Kiel harbour were brought through the Kiel Canal to Cuxhaven and from thence to the Schilling Roads (off Wilhelmshaven) where the fleet was gradually assembled. When the crews of the battleships and battle-cruisers perceived that the light cruisers and minelayers had their decks loaded with mines, the rumour ran through the ships that preparation was being made for an attack upon the British Grand Fleet as a last act of desperation. It provoked great excitement among the crews, the men considering that their lives were to be wantonly sacrificed. In one at least of the battleships a resolution was actually framed as follows : " If the English attack us we will fight and defend our coast to the last, but we ourselves will not attack. We will steam no farther than Helgoland. Otherwise we will draw the firs."

It probably represented the wishes of most of the fleet. When on October 30 an attempt was made to weigh anchor on various ships the men refused duty and the stokers raked out the furnaces. Thus the mutiny began. The projected naval operation was of course abandoned. On November 4 some officers of the battleship *König*, who attempted to suppress the mutineers by force, were shot down. From Wilhelmshaven the mutiny spread immediately to Kiel and from Kiel to Hamburg, where it took further flame among the civil population.

The revolution, as Colonel Bauer had foreseen it when he began his intrigue against Bethmann-Hollweg as the exponent of parliamentarism, had now arrived. The careful labours of the Spartacists had borne fruit, and the "poison gas of Leninism," which General Hoffmann conceived a reasonable weapon of war against the Allies, had been wafted back upon Germany. Once again, as in the munition strike of January 1918, it was to be the task of the Majority Socialists to conduct it into smoother channels. Not the Trade Union leaders but the political leaders of Socialism were, after all, to prove the staunch allies of the industrialists and a bulwark against Socialism. Indeed, no other alternative offered, though it may be doubted whether the Industrialists, had they been able to see the first five years of the Republic, would have altogether welcomed their aid.

The Spartacists, now that the revolution was upon them, suddenly realised that it had been only half prepared. They possessed a few rifles and ammunition, but no plan of campaign. The leaders were not agreed among themselves. Some wanted isolated incidents, which they imagined would have a cumulative effect. Others perceived that these could only lead to loss of life with no compensating result. Those who had been the leaders in theoretical revolution showed no gifts of leadership or



HERR SCHEIDEMANN
Speaking from the Reichstag Buildings

organisation when the time came for action. The troops in Berlin had not been "prepared," and even when they went over to the revolution they had only the vaguest ideas as to the part they should play. The workmen sent by their leaders to take over the internal administration very soon learnt to leave the executive work in the hands of those who had hitherto done it. In the provinces and Federal States preparation for the downfall of the old regime was in a still more backward state. It was only very gradually that Workmen's and Soldiers' Councils on the Russian model were formed. The Spartacists had conceived a revolution on the Russian model, but they overlooked one difference that marked off the Russian workman from his German comrade. The German proletariat had something to lose.

Yet the revolution took its course, and the powers of the State passively accepted it. Only General von Linsingen, the Commandant of Berlin, made the gesture of prohibiting it in a document that now reads like a curious relic from a past age. The physical struggles, such as they were, resolved themselves into hole-and-corner disputes. And since the organised State gave way to the unorganised revolution, chaos must soon have ensued had it not been for the intervention of the Majority Socialists. When the Spartacists and the Independents had made their revolution, it was Scheidemann who proclaimed it from a window in the Reichstag, with the words "Es lebe die Republik." It was a phrase he had often uttered before, and he probably meant no more by it than a demonstration of his adhesion to the principles of his Party. Indeed, there seems little doubt that if Germany had been given a constitutional parliamentary government with a limited monarchy (something after the British model), both the German people and the Allies would have been quite satisfied. But in the midst of the chaotic conditions that

followed upon the staging of this ill-prepared attempt to destroy the fabric of the State, it was no mean feat on the part of Ebert and Scheidemann to sway the Spartacist and Independent Socialist mob to accept mere doctrinaire Socialism for its red revolution. They spent some unpleasant hours before they had secured a firm hold of the reins. Thereafter they were to embark upon the problem of stifling German Sovietism at birth and evolving a basis upon which the stable elements of the State could be consolidated.

CHAPTER III

THE NOVEMBER REVOLUTION

IN view of their effect upon subsequent events in Germany it is worth while examining these early days of the revolution in some detail. The spectacle of an unrevolutionary people making a revolution, throwing down a throne, and setting up a republic destined to survive for years is not an everyday occurrence.

In the struggle from which the Republic emerged there were three main currents of opposition to the existing regime. These were .

(1) The Social Democrats, or Majority Socialists, sometimes called the Government Socialists, or more derisively the Kaiser's Socialists. They were the moderate element in reform. Their Party had long abandoned the Marxian theory of revolution for revisionism and reform. They were in no haste to bring it about. For them a modest measure of parliamentary government under a limited monarchy represented an enormous advance. Their leading men were the professional Social Democratic politicians who had come to the surface from the ranks of the Trade Unions, as organisers and officials, as editors of some Trade Union journal or as journalists on the staff of a Labour newspaper. A few were lawyers and professional politicians.

(2) The Independent Socialists, an offshoot from the above, existing mainly for the purpose of bringing the war to an end, preferably by peaceful means, such as international co-operation or a bloodless revolution. As

the munition strike in 1917 had shown, there were wide differences of opinion within this Party. The more extreme were doctrinaire revolutionaries faithful to the letter of Karl Marx's teaching. The less extreme were really Social Democrats who were in principle opposed to war and had a simple faith in the efficacy of international rectitude. Their real political aim was the socialisation of industry. The leaders were ex-Social Democrats or they were men of the shop-steward class, but there were within the ranks of the Party a great many "intellectuals"—writers, elementary schoolmasters, journalists, and so forth—of bourgeois origin.

(3) The Spartacus group, or Spartacists, really Socialists of the true Marxian type, or, as we should say now, Communists. At first a group forming a left wing to the Independent Socialist Party, it subsequently became an independent body and aligned itself with the Russian Bolsheviks, to become at a later period the Communist Labour Party of Germany (K A P.D.), and finally the Communist Party of Germany (K P.D.), affiliated to the Moscow Communist International. The Spartacus group advocated revolution by violence, and regarded the Terror as a necessary instrument, though it was never strong enough to enforce it in Germany.

When the German defeat in the war brought about the downfall of the old régime, the division between the two revolutionary groups enabled the Majority Socialists to obtain control. In effect they repeated what they had done in the munition strike committee.

The naval revolt in Kiel was not in its first stages a political revolution. It was an expression of war weariness, of exasperation, of discontent in the mass, flaring up and finding its outlet in an obstinate refusal to obey orders. It was a wise move on the part of Prince Max's Cabinet at its meeting on November 4 to call upon Conrad

Haußmann, Secretary of State and a popular Democrat, to go to Kiel and negotiate with the mutineers. Haußmann declared his willingness to go, but for political reasons he imposed the condition that he must be accompanied by a Majority Socialist deputy of the Reichstag. The choice of the Cabinet then fell on Gustav Noske, one of the leaders of the Party in the Reichstag, who had been prominent during the war in bringing forward the complaints of soldiers and their demands for redress. Noske had had long years of experience in the organisation of labour in the mass, and was not likely to be afraid of a mob of sailors in revolt, regarding them, as he did, and with evident accuracy, merely as another sort of strikers. He had just returned from a tour of political speaking in which he had been addressing large working-class audiences on the war and on the prospects of peace. He agreed to go at once, and he and Haußmann left together. Haußmann, as soon as he had obtained a clear view of the situation, returned to Berlin to report, and left Noske in Kiel.

Noske, in his book *Von Kiel bis Kapp*, has described with much vividness the strange scenes that were enacted at Kiel by the excited crowds of sailors thoroughly out of hand and the methods he adopted to re-establish order. The Government relied solely upon him, for at this point hardly anyone had envisaged the political consequences that were to ensue. He was supported from the first by the naval authorities who gave way to him on all points and even took his instructions. Admiral Souchon, the Governor of Kiel, deferred to him in everything. Meanwhile he made no attempt to reverse what had happened or restore what had gone, but concentrated his efforts upon guiding the torrent of pent-up feelings into the channels of orderliness. Without the co-operation of the naval authorities he could hardly have succeeded.

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The mutiny at Kiel had no direct connexion with the outbreak of the revolution, or the subsequent development of events in other parts of Germany. Sailors played no part in the early stages of the Berlin rising, and an attempt of the Spartacus group to bring a detachment of forty sailors to Berlin and exploit them in the cause of the revolution was defeated by the leaders of the Majority Socialists, who caused them to be stopped at Wittenberg and sent back to their ports. The sailors obeyed without question.

The collapse in the Army had preceded that of the Navy, though it had not the same spectacular nature. It has been very carefully examined, especially by Professor Hans Delbrück, on the basis of an extensive inquiry made by a sub-Committee of the Reichstag. The findings of this Committee were published in a series of exhaustive reports. But military prejudice plays its part in the evidence given by the High Command to an extent that renders it impossible to form an opinion as to the exact causes of the final collapse. These experts were naturally indisposed to attribute defeat to any military shortcomings either in the strategy of the commanders or in the moral of the ranks. To have done so would have been to reflect upon themselves and their caste. They preferred the "stab-in-the-back" theory, and ascribed the lost war to agitation—meaning principally the Spartacus group, though they extended their condemnation to the whole Party and even to the Majority Socialists. But in the course of the inquiry it became impossible to get away from the conclusion that the war was lost at the Marne—as a good many German officers had long known but would not openly admit—that it had been prolonged for reasons of wounded pride and dynastic fear, that all later attempts to snatch at victory had been gamblers' throws, and that when the collapse came it was

at least as much the result of material and physical exhaustion as of shattered moral. The immediate causes which led General Ludendorff to demand an unconditional armistice were but surface symptoms of a fatal disease.

The best proof of this is the statistical evidence as to the dwindling strength of the German divisions on the Western front. In the spring of 1918 it had been usual to reckon a battalion as 850 non-commissioned officers and men, but after the March offensive the number had fallen to 700, and by August to 650. The order was then issued that battalions with a strength below this number were to form only three companies, and those with less than 400 were to form only two companies. In this way fifteen divisions had ceased to exist by the middle of September, and in the remaining divisions the battalion strength was about 590 men. The same process set in anew during October. Including non-combatants the battalion strength was estimated at the beginning of the month at 545, and at the end of the month at 450 men. Subtracting the non-combatants, it was reckoned that at the end of October the battalion could place in the fighting line 142 men and that the strength of the divisions varied between 800 and 1200 bayonets. In some divisions it was much lower. These facts were as plain to the men as to their officers.

Another factor was at work. Troops had been withdrawn from the Russian front, where they had stood for many months. It was found—according to General von Kuhl—that they were strongly infected with Bolshevism. The reserves with which they were reinforced consisted largely of young men combed out from the munitions factories, who had been earning high wages and were in great measure under anti-militarist influences. These had a fresh disintegrating effect upon the troops at the front. Others were the soldiers who had been employed at the

back of the front " and had led a fairly regular and not very dangerous life. All these elements thrown together in units where the officers did not know their men, and the men were strangers to one another, certainly afforded no accession of real strength to the Army. Many of the recruits were only just eighteen years of age, and it is not surprising that the first appearance of British tanks (Germany herself was then incapable of producing tanks on a large scale without disorganising her other munitions industries) resulted in local panics. Above all, the spirit of the troops had suffered with the collapse of the August offensive, and it was found quite impossible to restore it. Thereafter desertion and absence assumed such proportions that special platforms and organisations had to be devised along the railway lines to cope with the masses. When the retreat came, the withdrawal of the Army was heralded by a disorganised and revolutionary mob of deserters.

Yet optimism in the High Command, and especially in the War Ministry in Berlin, persisted till the end. The plans of the War Ministry for the future administration were based solely on the expectation of an overwhelming victory. General Ludendorff had himself counted on his being Chief of the General Staff for the victorious peace negotiations almost up to the time when his nerve gave way. Shortly before that occurred he had selected a house in Berlin for his official residence, and had given orders for alterations which were in process of being carried out when the actual defeat came. The War Ministry, as subsequent events showed, had no plans for the demobilisation of the Army in the circumstances of an enforced retreat, but it was at work on two plans for a new war in the immediate future after the peace had been concluded : (1) before the troops had recovered and while the annual drafts were still weak, and alternatively (2) for

a new war at a later period after the troops had recovered and the drafts were again normal. In view of the expected annexation of Poland, part of Flanders and a part of the Baltic provinces, plans had been made for the establishment of seven new army corps headquarters at Luxemburg, Riga, Mitau, Bialystock, and some other points. Plans for the German victory museum were so far advanced that sections of the war administration were already quarrelling about the amount of floor space to be allotted to the various arms of the service.

The question whether Germany could have gone on fighting has been answered in the affirmative by the best German military opinion. The operations staff was preparing fresh plans when the appeal for an armistice was made, and, on the showing of the technical experts, Germany could have continued the war for another six months. If the submarine warfare had held out any promise of success these plans might have been put to the test. Trustworthy forces were still available after the worst of the deserters and Bolsheviks had left the front. The best troops had stood firm even when the August offensive had had to be transformed into a defensive action. It could not have been a fight for victory—the time for that had passed. But a section of the military command hoped that by a vigorous defensive more tolerable armistice terms might have been obtained. Like the Navy, they were prepared to go down fighting with their men.

So far it was by no means certain that the revolt against authority was anything more than a mutiny of the forces. But in the night of November 7 to November 8 the mutiny showed signs of becoming a revolution. The political side of the November revolution first showed itself in Munich. During the afternoon of November 7 a great demonstration was held by the Independent

Socialists in the Teresienwiese. It was addressed by Auer, a Bavarian deputy, and Kurt Eisner, the editor of a Socialist newspaper. A list of "the people's demands" was drawn up to be delivered to the Bavarian Government. Except that the abdication of the Kaiser was demanded they were not of a particularly violent character, the greater part of them being concerned with the better treatment of soldiers. But they closed with a threat that only by their acceptance could the dangers of disintegration be avoided in the interests of the "People's Government."

The danger of the movement in Munich lay rather in the temper of the masses. The crowd formed a procession, marched to the palace and disarmed the guard, with shouts of "Hoch die Republik!" and then proceeded to raid the arsenals for weapons. Thus armed they stormed the military barracks, set free all prisoners, occupied the Parliament building, and there held a meeting in the hall of the Diet. By this time it was night. Next morning a proclamation appeared on the walls of Munich signed by Kurt Eisner as first President of the Bavarian Soviet of Workmen, Soldiers and Peasants declaring Bavaria a "Free State". It was in other respects a peaceful document, declaring for a League of Nations, a just peace, orderly demobilisation, the organisation of food supplies, and the sanctity of life and property. The Bavarian Royal family took flight on the same day.

The flight of the Kaiser and the Crown Prince followed hard upon that of the Bavarian Royal house. The debates in the Reichstag had shown that the Kaiser's abdication and the renunciation of the throne by the Crown Prince could not be long delayed. The phrase "No Peace with the Hohenzollerns" had become current in all the *entente* countries, and especially in America, where it may have

originated. It was well known in Germany that the Allies had made it a slogan for continuing the war. A debate in the Reichstag on October 22, when the peace negotiations were taking shape, had been held under its shadow. The discussion was ostensibly upon the question of a broader form of parliamentary government, and through it all the Monarchists showed themselves uncompromising in their adherence to throne and dynasty. But it was in this debate that the Reichstag for the first time heard with shocked ears the phrase uttered by an Independent member, "The Kaiser must abdicate!" This forced the hands of the Majority Socialists. Two days later the *Frankfurter Zeitung* wrote a leading article upon the question of the Kaiser's abdication. The subject had, of course, often been discussed in private, but fear of the censorship had hitherto prevented its appearance in print.

On October 28, as the direct result of the demands made by the Socialists in the Reichstag, but also by reason of the dangerous feeling that was beginning to be manifested in the industrial parts of the country, the Kaiser issued a manifesto revising the position and powers of the throne. It was not considered satisfactory either within Germany or outside. Herr Scheidemann at once went to Prince Max to impress upon him that something more than parliamentary government was necessary and that the renunciation of the throne by the Kaiser was indispensable. There is evidence also that pressure in the same direction came from Bavaria, where there were other interests at work besides those of Socialism to obtain a change in the succession. There came a point at which the patience of the Socialists was at last exhausted. On November 6 the Party representatives held a meeting in Berlin at which they framed their demands. They authorised the executive to inform the Chancellor that

they approved of its action in the "Kaiser question" and demanded a speedy settlement.

It fell to the Prussian Minister, Dr Drews, to inform the Kaiser at the German G.H.Q. in Spa that unless he voluntarily abdicated the Independent Socialists would raise the whole question of the throne and would openly demand a republic, and that the Majority Socialists would then have no option but to join them. The Kaiser replied that under no circumstances would he voluntarily vacate the throne, because he believed that his abdication would be bound to be followed by chaos, anarchy, and Bolshevism, and the Minister returned to Berlin with this answer. But the Socialists had already authorised Herr Scheidemann to present an ultimatum to the Chancellor to the effect that the Kaiser's abdication, and with it the Crown Prince's renunciation of the succession, must take place by noon on the following day; otherwise they would resign from the Government. It is to be observed that they did not demand a republic or even the removal of the Hohenzollern dynasty. They were prepared for a King, or perhaps a Regent. Prince Max associated himself with their demand and declared his intention of resigning the Chancellorship unless the Kaiser agreed, because he regarded abdication as essential, and he could not remain responsible for affairs if the Kaiser were of another opinion.

The Kaiser requested Prince Max to continue in office until his decision had been taken. Meanwhile discussions were taking place among the high military officers at Spa. It was suggested at one meeting that the Kaiser should return home as a private person, or alternatively that he should place himself at the head of his faithful troops and march back as their leader. A third proposal, solemnly weighed by the generals, was that he should go to the front and get killed in action. Colonel (afterwards General)

Heye was ordered to summon a Council of War which was to examine the question whether the troops could be marched against revolutionary Berlin. While this was going on a debate was being held in the Kaiser's villa on the demand of the Government that the Kaiser must abdicate. The development of events in Berlin had made Prince Max determined to act. He pressed for an answer. None came, and the mob showed signs of getting out of hand. Action was urgent. He telephoned once more to General Headquarters and this time received a reply. It was to the following effect :

"The matter has now been settled in principle and they are engaged in formulating it. The Kaiser has decided to abdicate. You will receive the formal announcement "in half an hour"

It seemed final, and there was certainly no time to lose. Prince Max, who has since admitted that he was well aware of the step he was taking, issued his now famous proclamation that the Kaiser had renounced the throne, together with the Crown Prince, and that the Chancellor would resign when the questions connected with the appointment of a Regent had been settled. He might reasonably have thought the path clear and the dynasty saved. But meanwhile events had happened at General Headquarters which entirely altered the position. The arguments for voluntary abdication were put to the Kaiser, who was on the point of complying when the bright idea occurred to General von Plessen that "His Majesty should abdicate as Kaiser but continue to reign as King of Prussia". The compromise, though in flat contradiction to all constitutional practice was eagerly seized on by other generals, notably by Count Schulenburg, who made it his own. The Kaiser wavered and then grasped at the new solution, stipulating, however, that the Chancellor should be informed. Thereupon Count

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Schulenburg, objecting that so important a decision must be laid down in writing and signed by the Kaiser, telephoned to Prince Max, and the sense of the message was as follows :

“ So important a decision as the abdication of the Kaiser could not be drawn up in a few minutes. His Majesty had taken his decision, if it was now being formulated in writing, and the Government must exercise a little patience. The declaration would be in their hands in half an hour ”

This was the message conveying the impression that the Kaiser had abdicated in the sense intended by the Chancellor. But when the formulated document arrived it was found that :

“ In order to avoid bloodshed, His Majesty is prepared to abdicate as German Kaiser but not as King of Prussia ”

It was, of course, a constitutionally impossible plan and it could not have been carried out. The automatic consequences of any such attempt would have been the splitting up of the Reich into its component states.

The Kaiser left Spa at five in the morning of November 9, crossed the Dutch frontier at Eischdam, and went on to Amerongen as the guest of Count Bentinck. The Crown Prince, who crossed into Holland immediately afterwards was assigned a place of refuge on the lonely island of Wieringen, in the Zuyder Zee. Not until November 28 was the Kaiser's own formal edict issued. That of the Crown Prince followed on December 1. There was no internal reason why either should have fled. Both might well have remained in Germany, and no German would have laid a hand on them. And at that time there was no question of “ trying ” the Kaiser. The inference is that it was all part of the general panic at the Villa Fraineuse.

The Socialists found themselves with an undesired

revolution on their hands. It was assuming dimensions far more extensive than they found pleasant. The principle of the Independent Socialists that there should be a bloodless revolution brought about by political means had failed, and the initiative was with the Spartacists and the mob. Fortunately the Spartacist leaders were almost as ill-prepared for harvesting the fruits of the revolution as the Independents for moulding it, or the Majority Socialists for directing it. As late as November 10 the military commanders still entertained the idea of crushing the revolution by force. It is, however, more than doubtful whether they could have found sufficient reliable troops to ensure success, and in a very little while they abandoned all hope of doing so. After General von Linsingen's order prohibiting the revolution, Scheidemann, who appreciated the dangers that might arise out of this military nonsense, observed. "Now we must place ourselves at the head of the movement or there will be chaos in the Reich."

The forces of disorder were perhaps more apparent than real. The Independent Socialists were quite unprepared for a civil war which was not even in their programme, though the talk of "preparing the Army for revolution" had been entrusted to a Reichstag deputy. Evidently he had not made much progress with the military aspect of his task, for Independents and Spartacists were almost entirely without arms except a few rifles taken from deserters and returning troops, insufficient for anything beyond sporadic street-fighting. Liebknecht, driving round Berlin in a motor-car in the first days of the revolution, proclaimed in Unter den Linden the "free Socialist Republic of Germany," delivered an appeal to Russia, and showed that he had hopes of a Soviet Republic on the Russian model. At this stage he could be found saying in a harangue to the mob: "Even though

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the old has been torn down we must not believe our task is complete ! ” The task, judged by the normal standards of revolutions, had not been begun, and it was destined never to be begun.

Already there was chaos within the ranks of the troops and police in Berlin, who had been abandoned for the most part by their officers and commanders in a general stampede for safety, and had become a prey to the fleeting ambitions of doubtful adventurers. The Majority Socialists, when they first tried to take hold of the revolution and check its headlong momentum, were in doubt as to the forces that might oppose them. As to Spartacism, it is probable that they were able to make a fairly accurate estimate of its power and abilities. They needed a military force if they were to counteract the Liebknecht agitation effectively. But they did not know whether there might not still be appreciable military forces opposed altogether to the revolution. This prevented them from relying upon military force themselves. Their lack of information on this point was destined to have serious consequences at a later stage, since it led to the establishment of the reactionary Free Corps. Events showed subsequently that there had been plenty of republican material at hand for the formation of reliable units. But the plan of the Majority Socialists was to avoid bloodshed at all cost, and in this respect they did their utmost, just as they had tried to prevent the outbreak of the revolution. Some who went through that period believe that if the military collapse in the field had not coincided with the revolt in Kiel the transition to parliamentary government might have taken a peaceful and constitutional course. The Government then in office might have crushed the Munich revolution at the start had it availed itself of such forces as were faithful to the State and taken strong action in Berlin. Without success in the capital it was

bound to fail in the provinces. But the establishment of a proper military force was postponed, and was not undertaken until the Soviet Congress organised by Liebknecht to take place on December 16 was well on the way.

The only troops considered to be absolutely reliable were the Jaeger (Riflemen) stationed at Naumburg. They were moved to Berlin on November 8 and 9, but they failed as a military unit to support the Government. When handed out munition for use against the mob they refused duty, and promptly elected a Soldiers' Council. However, when the Majority Socialists hastily organised a defensive service of police the Jaeger gave it the necessary backbone. (The Rifleman uniform worn by the Prussian police to this day is a reminder of their services.) This improvised public security force soon took shape and maintained a sort of order, and in a little while it was itself organised under the Socialist leader Otto Wels as Town Commandant, with another Socialist, Anton Fischer, as his deputy.

The Spartacists had planned to consolidate the revolution by means of a general strike, but they found at an early stage of the attempt that a general strike required greater influence among the organised workmen than they possessed. Most of the Trade Union offices were controlled by members of the Majority Socialist Party, and these, acting (as it would appear) under the direction of the central office, had instructed their agents on November 8 to prevent it. The co-operation arranged between the employers and the Trade Union leaders had already begun to be effective. Proclamations were issued calling upon the workers to remain in their factories and to have nothing to do with strikes. The exhortations were not altogether successful, but they greatly diminished the danger that threatened from Spartacism. Some collisions between strikers and troops still opposed to the

revolution occurred as isolated incidents, but there was no great measure of violence in the remaining November days. A crowd broke into the barracks of the Fusilier Guards and some shots were fired. The total number of killed in Berlin was no more than fifteen, and a few more were wounded. The victims were given a grandiose and sentimental funeral at which Liebknecht delivered a harangue at the graveside of the victims, very moving but utterly out of proportion to events. For a moment it may have appeared to the Spartacists that they had gained control of the capital, but it was an illusion never shared by the Ebert-Scheidemann group. Subsequent attempts on the part of the Spartacists to undermine the authority of Wels and Fischer over the security force met with scant success.

The Majority Socialist leaders did not take hold of the revolution until it became clear that it was inevitable and that it must otherwise ultimately become a sort of Bolshevism. When they did so, Herr von Payer, the Vice-Chancellor in Prince Max's Government, asked Herr Ebert on what conditions he would carry on the administration of affairs. Ebert replied that he intended to do so on the basis of the constitution. Indeed, his earliest proclamations had little of the revolutionary about them. The first began: "Citizens, I beg you all urgently—leave the streets and let peace and order be your care." His own care was to get the workmen back into the factories where he could exercise control through the Trade Union channels and the Socialist Party machine. A revolutionary in spite of himself, and at heart a rather liberal bourgeois man, he was rushed into the most responsible position while the situation was still fluid, and he became the recognised head of the "People's Commissaries." The name had been borrowed from the Russian revolution, but that was all. His second order, directed to the

officials appealing to them to assist in saving the people from civil war and starvation, was the negation of Karl Marx's teaching. Marx had laid it down as the principal lesson of 1848 that the victorious proletariat could not take over the apparatus of the State, but must smash it. Ebert's action was quite in keeping with the bourgeois German tradition. In the old Germany military and political ideas were hardly separable, and in his outlook Ebert was no different from his predecessors. The doctrinaire revolutionary creed, which had done duty (in theory, at least) as the programme of the German Social Democrats for some fifty years, had collapsed. The lesson was at least learnt in a less costly manner than it has been in Russia.

CHAPTER IV

THE PEOPLE'S COMMISSARIES

AT the time when the Kiel riots and the Munich revolt had made it certain that a revolution was under way there were three forces in the field capable of taking control. The first was the old regime. What it might have done had it shown a little more energy and determination it is impossible to say now. Its representatives in after years were never tired of saying what might have happened if it had stood its ground. However, it elected to take the safer course, and handed its power over to the Majority Socialists with hardly a protest. Doubtless it thought Socialism the lesser evil, on the principle of " Better the devil you know than the devil you don't know."

The second was the Soviets. On the example of Kiel and Hamburg the formation of Workmen's and Soldiers' Councils spread rapidly, at first along the coast and gradually in the industrial centres. Their composition was vague, they were without organisation, and they differed in almost every district. It was natural that this should be so in a country of federated states—some monarchies, others republic—where local allegiance and interests were often far stronger than any feeling for the Reich or the Kaiser's throne. In some parts there were attempts at breaking away from the old groupings, in others there were centrifugal tendencies. A strange ignorance prevailed. The mob crowded clamouring before the Hamburg

Town Hall, till the chief burgomaster came out to them and asked them what they wanted. "We want a Republic!" was the reply. He waved his hand to embrace the Free and Hanse Town—the Republic of Hamburg. "You've had one for a hundred years," was his ready answer. (Hamburg was incorporated as a State of the German Empire in 1815)

These Councils, though not yet concentrated or organised into any form of central authority, really were effective in the first hours of the revolution. Later the power they had usurped was usurped from them in turn by the Majority Socialists, who took this step without authority, but, as it proved certainly in the best interests of the people. Such central direction as the Workmen's and Soldiers' Councils enjoyed proceeded from the so-called "Revolutionary Foremen" (Revolutionare Obleute), who had been the channels of the anti-war propaganda of the Independent Socialists in the factories and public utility services. These men were in turn directed—and misdirected—by the political leaders of the Independent Socialists and the Spartacus group. The workmen and soldiers who formed these Soviets in many districts seem to have been inspired in many cases by a certain idealism and afterwards to have been dazzled by their sudden access to power which they did not in the least know how to use. Their eagerness for "control" was equalled only by their ineffectiveness in exercising it. In the first flush they wanted to socialise everything, and their one weapon was the general strike. But, on the whole, in the urban centres at least, the characteristic of discipline came to the front. The workmen were as keen as anyone to preserve order and were prepared to maintain it at all costs. Through their improvised security organisations they did some very good work in the early days of the revolution, especially in preventing the theft

of food and the wholesale plundering of military and government stores and supplies.

The third force was the Majority Socialist Party. It was inevitable after the old regime had retired without a fight from the contest that the power should ultimately fall into the hands of the Majority Socialists and that these should find in Friedrich Ebert a leader whom they could implicitly follow. When the split on the war credits had come in 1914 and the Independent Socialists had seceded, the Party machine remained intact in the hands of the parent body. In the intervening period discipline had been stiffened. Besides, the Majority Socialists were really on their own ground. They had a long tradition of parliamentary experience, most of their men were trained in the Trade Union organisation, and they possessed their own highly organised and controlled press, centred in the powerful *Vorwärts* in Berlin.

As soon as the reins came into his hands Ebert decided that he must conduct the revolution through its first stages of development on bloodless, and certainly on constitutional, lines. He aimed at an evolution rather than a revolution, and he was not going to allow one class dictatorship to be substituted for another. The Socialists, true to their own Party statutes, were opposed to any form of class dictatorship, and for this reason they were opposed to a revolution on Leninist lines. They refused to adopt the Russian model in any circumstances. Ebert's immediate objects were to set up an interim Government, to restore public order, to maintain the existing administrative machinery, to revive some form of legislature dependent upon the will of the people, and to conclude peace. This was as far ahead as he looked, but in all probability if he had been pressed he would have added to the list "the economic reconstruction of Germany." He was already thinking about it. While he held that it

belonged to the province of a constituent assembly to decide what form this reconstruction should take, he realised that it could not wait. Nominally he was in favour of the Erfurt programme, but in this respect all his actions were at variance with his speeches. He was a practical man dealing in theories, and he seemed quite unconscious of any inconsistency.

To achieve his aims it was necessary either to reconcile the Independent Socialists or to break with them completely, and to defeat the Spartacists, with whom any reconciliation short of complicity was manifestly impossible. To do this he must break the power of the Workmen's and Soldiers' Councils. The revolution, in the Russian sense, would then be lost, and the liberal state he envisaged as the future form of Government in Germany would have a clear road. In common with others of the Majority Socialists he foresaw at this stage that if Liebknecht succeeded in forcing the Russian form of revolution upon Germany the way would merely have been paved for the advance of a counter-revolution. To defeat the Spartacists it was necessary to retain the administration—both central and federal—in working order and for this purpose the goodwill of the officials was indispensable. After that he could proceed to the election of a National Assembly which was to decide the peace and with it the whole future of the Reich.

At his instigation a provisional government crystallised on the very first day of the revolution. After some brief negotiations a Council of People's Commissaries was set up. These negotiations, however, while they resulted in the exclusion of the Spartacus group did not lead to final agreement between the Majority Socialists and the Independent Socialists. The first discussion was held in the palace of the Chancellor in the Wilhelmstrasse between Friedrich Ebert, Philipp Scheidemann, and Otto Landsberg

of the Majority Socialists, Oscar Cohn, Wilhelm Dittmann, and Ewald Vogtherr of the Independent Socialists, and two quite obscure persons named Prolat and Heller representing the Workmen's and Soldiers' Councils. These last two took no real part in the discussions. Between the two groups of Socialists there was a large measure of agreement. At an early stage in the discussions, however, Karl Liebknecht and Erwin Barth appeared and put forward a set of proposals based on the principles advocated by the Spartacists. From these it became clear at once that the Spartacists aimed at unrestricted dictatorship, to which the Majority Socialists were wholly, and the Independent Socialists theoretically, opposed. Ebert, in particular, insisted upon the convocation of an elected National Assembly at the earliest possible date; while the Spartacists demanded that all power should rest in the hands of the Workmen's and Soldiers' Councils, and declared their opposition to an elected National Assembly in any form. The Independent Socialists were prepared on terms of their own to form a provisional government which was to last three days and then be reconsidered.

Failing to come to a triple agreement, the representatives of the Socialist parties thrust aside the Spartacus group and began bargaining with each other on the basis of the above conditions drawn up by the Independents. These, however, were of such a vague character and so full of undefined terms that agreement was impossible until their meaning had been cleared up. In brief, this was that Germany should be a "social republic," and that in this republic the entire executive, legislative and judicial power should be in the hands of the Workmen's and Soldiers' Councils. The Independents presupposed the complete exclusion of all bourgeois members from the Government, the departmental ministers being merely

the technical assistants of the actual Cabinet. They stipulated for equality of rights for the two leaders in the Cabinet (meaning Ebert and Haase) and declared their willingness to co-operate with the Majority Socialists for three days on these terms, for the special purpose of creating a Government empowered to sign the armistice.

The Majority Socialists still further qualified these conditions. They replied that, while they were in favour of a Social Republic, the final decision as to the form of the State must rest with the Constituent Assembly. As for the next point, that the entire executive, legislative and juridical power should remain in the hands of the Workmen's and Soldiers' Councils, they replied that if this implied a dictatorship of any sort they must refuse it. They also refused to countenance the exclusion of all bourgeois members from the Government, on the ground that this would endanger the food supply; but they agreed that the departmental ministers should be regarded merely as technical assistants. They declared for complete equality of all members of the Cabinet, and expressed their opinion that the co-operation of the Independent Socialists was essential at least until the Constituent Assembly should meet.

On the following day the Independent Socialists put their own gloss upon these replies, and the whole led to a draft joint agreement. Its main points were that only Social Democrats should be members of the Cabinet, and that they were to function as People's Commissaries upon a footing of complete equality. Two Socialists, one from each Party, were to be attached to the departmental technical ministers with equal rights. Political power was to rest in the hands of the Workmen's and Soldiers' Councils, of which a congress representing the whole Reich was to be summoned without delay. The question of a Constituent Assembly they agreed to regard as not urgent,

and reserved it for later discussion. The period of their co-operation was left indefinite.

These conditions having been accepted by the Majority Socialists, each Party proceeded to nominate its representatives on the Council of People's Commissaries. The Majority Socialists nominated Friedrich Ebert, Philipp Scheidemann, and Otto Landsberg; the Independents nominated Hugo Haase, Wilhelm Dittmann, and Erwin Barth. The Council met at once, and its first act was to sign the armistice conditions of General Foch.

The People's Commissaries proceeded to form their full Cabinet. They allotted the various offices in the main to the tried ministers of the old régime. Dr. Solf was appointed Minister of Foreign Affairs, General Scheuch Minister of War, Herr Schiffer Minister of the Treasury, Admiral von Mann Minister of Marine, Herr Rudlin Minister of Posts, Dr Krause Minister of Justice. Most of these men were actually opponents of the revolution and were staunch Kaiser men, but they were prepared to co-operate with the Majority Socialists in saving the country from Bolshevism, which, as the result, never really threatened it. All real control the People's Commissaries kept in their own hands. This composition Cabinet's main weakness was the dual control exercised by Ebert with Haase, the Independent Socialist leader, necessary in consequence of Party jealousy.

Although he favoured the election of a Constituent Assembly at the earliest possible date, Ebert refused to avail himself of the Reichstag as constituted at the time of the revolution. Its President, Herr Fehrenbach, had remained at his home in the Black Forest aloof from the turmoil and had taken no part in either the revolution or the formation of provisional governments either in the Reich or in Baden. Finding that the salaries of the Reichstag members were not being paid, he began to

bestir himself on behalf of their position under the new regime. After conferring with the Party leaders he made an attempt to summon the Reichstag, on the ground that the days of the armistice were running out, and that since the Allies had refused to recognise the People's Commissaries as the responsible government the Reichstag was the proper body for them to negotiate with. In the state of affairs in Berlin there could, of course, have been no question of the Reichstag meeting there, and his manifesto was promptly answered by Ebert that with the revolution both the Reichstag and Federal Council had *de facto* ceased to exist.

At the same time the provisional Prussian Government, acting on the authority of the Prussian Soviets, issued a proclamation dissolving the Lower House of the Prussian Diet and abolishing the Prussian House of Lords altogether, with all their paraphernalia of hereditary, nominated and class representation which had been for so long an instrument of oppression and a subject of embittered controversy between the Kings of Prussia and their subjects. The President of the Prussian House of Lords, Count von Arnim-Borzenberg, replied with a protest declining to recognise the authority of the Prussian Soviets to take any such step, and the Vice-President of the Lower House with a declaration that the dissolution had been decreed without a shadow of legal authority. But no other step was taken on behalf of either, and these institutions passed away in silence.

In the circumstance in which the new Government had come into existence the less it said the better, and the programme of the People's Commissaries was laudably short. The main items in it were that Germany was declared a Social Republic—whatever that might be; that the Workmen's and Soldiers' Councils held the power—which was not in fact true; and that peace was to be

concluded by the People's Commissaries—though it was afterwards concluded not by them but by the National Assembly. The programme also contained a moral resolution for the rapid socialisation of the capitalist means of production, which was rhetorically declared to be "possible and necessary."¹ Ebert consented to this after some delay, but he had no intention of allowing it to be attempted in practice immediately. He was not at all clear as to what socialisation meant or what it might involve, and he believed the whole question should rest with the National Assembly.

The situation with which the Government was confronted might have quelled the spirit of even more determined men. The industries were at a standstill. On the outbreak of the revolution there had been in Berlin one of those strange phenomena of mass psychology which induces crowds to flock into the streets. The masses had poured out of the factories in the periphery of Berlin and Spandau to swell the mob, and with their cessation of work they had made demands for higher wages, shorter hours, and cheaper food, without a thought of how it was to be accomplished. Strikes in almost all the vital trades were disorganising the transport, and with it the supply of food and fuel. A shortage of food threatened the capital. All enterprise in industry had ceased owing to the impending fear of socialisation. The public finances had begun to show symptoms of the disease that afterwards led to the wreck of the currency. In other parts of the Reich local Soviets had assumed the power and were exercising it with varying degrees of moderation or violence amid the private quarrels of the revolutionaries and open threats of separatism. New groupings made their appearance under Soviet influence, and the particularist tendencies that had led Bavaria to threaten at one stage of the war to conclude a separate peace with the

Allies and to cut adrift from Prussia and the Hohenzollerns persisted into the new regime. Meanwhile a plain hint had been received from the American Government that unless law and order were preserved, American troops would march into the country.

The tasks confronting Ebert and his colleagues were serious enough. Three major questions had to be faced: demobilisation, both military and economic, social reforms, without which the Republic might have seemed a sham to the workmen; and food supplies. The returning troops soon began to pour back into Germany. In the policy of their reception in Berlin, Ebert relied very largely upon the Minister of War, General Scheuch, one of the few Alsatians who had remained in the German Army after the war of 1870, a man with a capacity for seeing problems at least with the detachment necessary to the time. A proclamation was issued to the returning troops welcoming them to the new Fatherland—not that for which they had been permitted to fight in silence, and to perish in their hundred-thousands, but one in which orders and decisions could proceed only from the sovereign people themselves. It promised the returning soldiers work and higher wages, with a voice in their own future. It was deftly worded and was an altogether different thing from the speeches, couched in the finest flowers of the old warlike spirit, with which the troops were actually welcomed when they marched into Berlin through the garlands of the citizens. Meanwhile the Army was placed—quite nominally, as it turned out—under a Soldiers' Council, and instructions were issued regulating the relations of the men to their officers for the restoration of discipline. Persuasion was the only means available. In effect the Commissaries made a bargain with the military leaders, who did not want Spartacus to succeed and were prepared to tolerate the Majority Socialists

till such time as they could deal faithfully by them also.

The material demobilisation of the country presented a more serious problem than the military. A new office in the Cabinet was created called the Ministry of Economic Demobilisation, and it was made over to Dr. Koeth. Its purpose was to effect the transition from war production to peace production. Had anybody taken the trouble to think about it, here was the key to Socialisation. For if Ebert was lukewarm about the project of socialising the industry, the three Independent Socialist Commissaries were certainly not. It was one of the main planks in the programme of their Party. But economic demobilisation, as the new minister, Dr. Koeth, conceived it, was the very antithesis of socialisation. As head of the raw material department in the war, he had been in the closest touch with the leaders of industry, and he had now almost unlimited powers.

Next, the new Government drew up a programme of social reforms, as distinct from the question of socialisation. It was necessary to make some promises of this sort, and the familiar nostrums which had done duty in the social programmes of every bourgeois party for years past were brought forth, among them the eight-hour day, State support for the unemployed, work for all, insurance against sickness, and improved housing. Some of the social promises made by the People's Commissaries were more than a little wild. One proclamation announced that many millions of hectares had been made available for land settlement. What its framers probably had in mind was that the vast lands hitherto possessed by the ruling houses of the various states might be made available for land settlement by a process of complete expropriation without compensation.

At that time very few persons realised that there would

be any difficulty about it, for the tenacity of the princes and the reactionary power of the German law courts had not then been put to the test. The Prussian State at a very early stage of the revolution made what it appeared to consider a final agreement with the Hohenzollerns, but it was at once enveloped in a mesh of litigation.

The purpose of the proclamation was sound enough and no doubt honestly meant. It was to settle the soldiers on the land, to prevent the country people from flocking to the towns, and to begin a "back to the land" scheme so as to relieve the overcrowded towns of some of their surplus war-time population. If a practical scheme had ever been thought out, it has never come to light. Men with the experience of Ebert and Scheidemann must have known full well that settlement schemes, even where the land is readily available, are costly and complicated. The proposals for settling even a tithe of the returning soldiers on the land were either pure humbug or they were the visions of urban dreamers.

Probably the People's Commissaries were on the safer ground of knowing that social reforms of this kind are not effected in a day, and that their fruits are at best a promissory note on the future. Long before they were practical politics Ebert meant to hand over the responsibility for them to the National Assembly, and he could afford to be generous. Meanwhile he took the more urgent steps to ensure the food supply, appealing to the strikers to return to work, to the land workers to work more, to the agrarians to increase their output and to the importers to do all in their power to get food into the country. As an indirect result of these endeavours there began the system which became known as the "Schich"—surreptitious dealings in food by chains of middlemen. Corruption was rife, but it was no time for nice methods. Not till years afterwards were the worst abuses of this

period cleared up in the courts—somewhat unfairly, because the pressure and needs of the time were by then forgotten. As for the peace negotiations, they were progressing in the hands of a commission. The People's Commissaries were content to leave them to their experts, and took no direct part in them.²

By a proclamation to the officials the administrative staff of the various ministries and offices were authorised to carry on the work provisionally until such time as further decisions should be made. It meant a respite at least till the National Assembly could be summoned. The Workmen's and Soldiers' Councils made some feeble efforts to interfere in the delicate machinery of the Reichs and Prussian administration. As an organisation they had acquired suddenly very wide powers, whereas individual men and leaders had but a very limited outlook. The appointment of Socialist "comrades" to oversee the work of the offices had some curious results.

An amusing, and faithfully accurate, picture of the "comrades" butting in upon the work of administration is given by the former Chief Burgomaster of Berlin, Herr Wermuth. On November 10, the second day of the revolution, he received a telephone summons from one who described himself as "Muller, Chief of the War Food Department," to attend a meeting at noon, the invitation being accompanied by an ill-written pass with the aid of which and a red flag he was able to reach the office of the Committee. He found the members of the Board already in session in the grand hall of the department, strengthened by the presence of a good many outsiders. In the seat of the President was a man in a worn-out field-grey uniform of a private soldier, who announced in the coarser forms of the Berlin dialect, "The Revolution has authorised me to take charge of the Food Department. I'll soon get rid of its rotten disorder——" And

he proceeded to deliver a harangue that showed him to be a master of street-corner oratory. Having soundly rated them all, he ordered the railway member to say whether the food supply of Berlin was endangered. The railway member gave the necessary information, but the meeting, not being under control, broke into desultory discussion. At last a representative from the Food Ministry suddenly asked the Herr President by what authority he had summoned the meeting. The reply was startling. "My mates in Spandau," he declared in the same dialect, "said I'd got to come here and run the business."

The meeting broke up amid laughter; the Herr President disappeared and was not seen again, though his spirit, which was that of the Captain of Copenick, evidently still went marching along. But gradually those revolutionaries who were assigned as "overseers" to the various departments had the sense to perceive that administrative work was best left in the hands of those who understood it.

Thus the administrative side of the Cabinet work soon dropped into the usual channels. The real difficulties were those which arose among the Commissaries themselves. The degree of co-operation between the three Majority Socialists and their colleagues of the Independents was feeble from the first. The latter were full of theories about securing the fruits of the revolution, and, while they had a very good idea of what a revolutionary Republic ought to be, they had only the vaguest of notions how to achieve it. Nor were they by any means in agreement with the Spartacists. They had a foot in both camps—in the Cabinet through their representative Commissaries, and in the Soviets and the Spartacus groups through the Revolutionary Foremen. Their compromise upon "Germany as a Social Republic" was a form of words and no more. The chief service of the

Independents was that they acted as a brake on the more violent elements, because they could always be relied upon to meet, confer, debate and, above all, disagree. Thereby they constantly ran the risk of being excluded by pressure from the other two more active elements and thus leaving the way open for a clash amid violence. In principle they were in favour of a National Assembly. Had they been content to take their stand upon it and sink all their other differences they might have been reunited at this stage with the Socialist Party from which they had seceded. The revolution would not have been in conformity with their ideals, but they would have exercised upon the future state a far greater influence than was ultimately the case.

The Spartacus group was now rapidly slipping away from the Independent Socialists to form a Party of its own. It was opposed on almost all matters of principle and theory to the views and actions of the Majority Socialists. The programme of the Spartacists was purely Marxist, involving local Soviets on the Russian model, the disarmament of the military and police and the arming of the revolutionary proletariat, all power to the Soviets, and the socialisation of the whole private capitalistic machine. Socialisation was to be attained by force coupled with general strikes. Not only the programme, but the money by which it was to be effected (as it afterwards transpired), originated from Russia, and one of the items in their first manifesto was the demand that the Russian Embassy should be recalled to Berlin.

The opposition to the People's Commissaries thus came from the left wing of the Independent Socialists which had itself become divided into the Social Revolutionaries and the Spartacists, the latter being then in process of forming themselves into the Communist Party. These groups were determined to fight the People's Commis-

saries for the power. They operated in the main through the Workmen's and Soldiers' Councils, to whom, they declared, all power must belong, and since an elected National Assembly must question that power they were opposed to a National Assembly. Karl Liebknecht, while standing out for this, was voicing not so much his own view as that of the extremists of his followers, who thought a National Assembly too bourgeois and favoured dictatorship of the proletariat. Meanwhile they sought in every possible way to embarrass the Majority Socialist Commissaries, whom they pilloried as the representatives of the capitalists, and by placards and handbills led a personal campaign against them. This paper warfare was one of the amusing spectacles of the revolution. But it was soon to resolve itself into a struggle with more dangerous weapons.

CHAPTER V

THE DEFEAT OF THE SOVIETS

THE struggle between the People's Commissaries and the Workmen's and Soldiers' Councils which had begun almost with the outbreak of the revolution developed rapidly. While the former were holding their first meetings in the Reichstag, which then resembled a war camp, Soldiers' and Workmen's Soviets were constantly bursting in as deputations with their petty demands. On the very first night of the Republic's existence representatives of these Councils held a meeting in the Reichstag building presided over by Erwin Barth, at which they revealed a programme of confusion that would have rendered any orderly government impossible. They decided to organise regimental and factory elections the next day, and adopted other decisions which convinced Ebert that if there was to be any chance for orderly government he must get them out of the Reichstag at all cost. On the plea that the Chamber was not large enough to hold them he organised for them a gathering in the Circus Busch, the famous Berlin rotunda hitherto devoted to the exhibition of wilder beasts. It was capable of holding some thousands, and he offered them a mass meeting to let off steam. The delegates from the Councils rose to it, and the meeting was duly held on November 11. A proclamation was issued declaring that all power rested with the Workmen's and Soldiers' Councils, and that Soviets were to be formed in all the garrisons and factories and among the peasants. An appeal was also issued to

the proletariat of other lands begging them to see to it that Germany was not subjected to crushing peace terms. It was sent out by wireless and in most countries got no further than the Censor's department. To Moscow the congress sent a special greeting. An Action Committee was elected, consisting of twenty-eight members—seven revolutionaries, seven Majority Socialists, and fourteen soldiers and sailors. In this congress Liebknecht took the lead in the attacks on Ebert as the representative of the capitalists: but the soldiers, less political and less partisan, were soon found supporting Ebert.

This Action Committee interpreted its powers as an authorisation to act as an additional executive, with the result that differences speedily arose between it and the Council of People's Commissaries. The question of summoning the National Assembly soon set them by the ears. Ebert wanted to summon it at once and proposed Weimar or Rudolstadt for its place of meeting, so as to keep it free from the interruptions of the deputations which were making work in Berlin impossible. But he soon decided that it would be better to defer it till all the troops had returned home from the front counting no doubt upon the large number of organised Socialist and Trade Union votes among the rank and file. The Workmen's and Soldiers' Councils feared a National Assembly altogether on the ground that the "fruits of the revolution," among which they particularly counted the socialisation of capital and the means of production might be endangered. The elections for the State Assemblies in nearly all the Federal States had already been arranged and some form of government differing in degree of republicanism had been set up. True to the tradition of the Reich Ebert and his colleagues had decided that the representatives of the Federal States must be consulted and a congress was called to take place in Berlin. It was attended by a very

mixed assembly of members of the local Soviets, workmen, State representatives of the old regime, and permanent officials.

Ebert, who presided over this conference, showed at once that he intended to proceed with all determination on the lines he and his colleagues of the Majority Socialist Party had planned from the outset. He informed the gathering that the relations between the Central Government and the Federal States must be finally settled by the National Assembly, and that the Bill for regulating the general election, which had already been formulated, would come before the Cabinet on the following day; meanwhile it was desirable to consult the representatives of the states on the preliminary peace. He laid it down that the central administration must be subject to no control that was not approved by the Federal States, that Germany's representation abroad must be in the hands of the Reich, and that the National Assembly must be summoned as soon as possible at some place other than Berlin.

The gathering was divided on the question of socialisation. The opponents of the People's Commissaries said, "First socialisation and then peace." The supporters of the People's Commissaries showed themselves to be in favour of socialisation, though without a clear idea as to what it meant or how it was to be done. There were practical men among them who knew that in any case it needed time; there may have been others who realised that in the existing state of German production and finance it was impossible. Their best and most effective argument was that to socialise the banks when the importation of food was so urgent would be to throw the whole delicate system of international payments out of gear and invite famine and catastrophe. This convinced the conference to the extent of its allowing the question

to be relegated to a committee which, however, ultimately shelved it. The conclusions in other spheres were that the unity of the Reich must be maintained against all attempts at disintegration and separatism, that the National Assembly must meet at an early date, until which time the Workmen's and Soldiers' Councils were the representatives of the People's Will, and that an urgent preliminary peace to take the place of the armistice must be concluded. On the adoption of this programme the conference broke up and the delegates returned to their several states.

By the beginning of December the German Soviets had begun to experience a haunting fear that general strikes did not mean revolution. Notwithstanding all statements to the contrary, they perceived that the power was slipping away from them into the hands of the People's Commissaries, who were using it to promote the National Assembly the end of which was bound to be the defeat of the proletarian revolution and the victory of the bourgeoisie. Spartacus evidently required other methods. A new Reichs Action Committee of the Executive Councils of the Soviets was therefore constituted. It consisted of nineteen members, eight representing Prussia, eight the remaining Federal States and one each from the Army of the West Front, the Army of the East Front, and the Navy. The Committee began its activities at once. As a preliminary it ordered the release of political prisoners, the removal of officials in the Foreign Ministry and Chancellor's Department who were suspected of leaning towards the old regime, and the disarmament of the troops in Berlin—manifestly as a step to arming its own supporters, since a Red Guard was one of the chief points of the Spartacus programme. A clash occurred with the People's Commissaries patched up, for the time being, by an agreement to the effect that both sought the same

ends, and that the People's Commissaries would adhere to the constitution of the revolution, which could not be altered without the consent of the Executive Council of the Soviets, the People's Commissaries being its executive. Both sides promised co-operation.

As the People's Commissaries had found on a previous occasion, it was easy enough to make these bargains with the Independents and Spartacists ; the difficulty was to get them kept. The Executive Committee of the Soviets three days later was still taking independent decisions, issuing orders, and claiming the right to "oversee" the departments of State. Here and there it was exercising violence in the process, and the People's Commissaries, in which the Majority Socialists now had the upper hand, began to take counter-measures. In the expectation that the forthcoming Reichs Congress of Workmen's and Soldiers' Councils would be productive of disturbances, they had ordered the formation of a volunteer People's Army, which was to be exclusively under their control. It was destined, however, to prove an unreliable instrument, owing to the fact that it contained within its ranks almost as many Independents as Majority Socialists, and the former could not be counted upon in any action taken against the mob. General Scheuch resigned from the post of Minister of War, in protest against the interference he and his officers had been subjected to by the Soviets, declaring in his letter of resignation that his position as constituted had become impossible.

The Reichs Congress of the Workmen's and Soldiers' Councils was opened on December 16 in the hall of the Prussian Diet. It lasted four days. From the outset its proceedings were subject to interruption by deputations of soldiers and workmen with impossible demands, organised by the Spartacus group. The debates, apart from reprimand and attacks on the People's Commis-

saries as the advance guard of the counter-revolution, turned on the question "National Assembly or Soviet System." The People's Commissaries, Ebert and Scheidemann, pleaded that the continuance of the Soviet system would mean the absolute, certain collapse of trade and industry, the ruin of the Reich, and the misery of the whole nation. The Independents, following in the wake of Liebknecht, showed signs that they had now realised that the revolution was only to be achieved, if at all, by force of arms. However, a vote was taken, and by an overwhelming majority the date of the National Assembly was fixed for February 16. Thereby all further discussion of "National Assembly or Soviet System" was ruled out of order. A Central Council was elected to "control" the action of the People's Commissaries.

Immediately afterwards there came a fresh indication of the direction events were taking. The delegates from the Workmen's and Soldiers' Councils of Greater Berlin, always from the first the most advanced held an emergency meeting. On the ground that the Reichs Council had committed "political suicide" they proceeded to elect their own Action Committee which should really form the Government. With the aid of this the second revolution was to be carried through.

Events now headed for the physical struggle, which had become inevitable. Already Heise, Ditmann, and Barth, the three Independent Socialist members of the Council of People's Commissaries had formed an opposition with the Cabinet. They were, however, hampered in that they were not only in opposition to their colleagues of the Council, but were disagreed among themselves, and in further disagreement with the more extreme elements of their own Party. They were unable to take rapid decisions; they had to attempt agreement by discussion on almost every point, and it took them a long time,

because they were always driven back upon elementary principles they had failed to settle or compromise upon. It was evident that the Council must soon split and fight it out for the power of control.

An incident on December 6 cast a shadow of coming events. A large body of soldiers—one of those agglomerations which were always forming during the earlier stages of the revolution—disgusted with the state of disorder prevailing in Berlin, had proclaimed Ebert President. He had refused, being determined that any supreme authority devolving upon him, or upon anybody else, must proceed from the National Assembly. On the same day some officials of the Foreign Ministry, acting entirely on their own responsibility, had made a naive attempt to have the People's Commissaries arrested by some soldiers. The two incidents had caused great excitement among the mob in the northern working-class suburbs of Berlin. Some hastily formed processions came into collision with armed soldiers of the Guard-Fusiliers. The soldiers opened fire, sixteen of the unarmed mob were killed and fifteen wounded. The incident alarmed the Majority Socialists in the Government, who had been warned by their representatives abroad that any disorder within Germany might easily result in the peace terms—then being debated—being made more severe. They decided that if they were to continue to exercise authority they must have an organised and armed force at their backs.

The Spartacists had declared that if, when the National Assembly should be elected, it did not show a revolutionary majority it would be dissolved by armed force, as in Russia. In the absence of an army for the maintenance of public order and security it was always possible that the Spartacists, who could call out an armed mob of many thousands, might make good this threat. Feeling already secure against attack, the Spartacists had begun to test

the strength of the Government by isolated acts of terrorism. These culminated in the capture of the principal newspaper offices in Berlin, which were held as local forts, while the overthrow of the Government by violence was openly threatened.

A clash with the Volks Marine Division had already given a foretaste of what might be expected. This corps, at first a loose banding together of sailors on leave from the fleet in the early days of the revolution, had its headquarters at the Marstall (or Royal Stables) of the Schloss. It did not long retain its original character, but proceeded to recruit a mixed horde of deserters and unemployed, with others who had not even served in the Army. Some three-quarters of the rank and file slept in their own homes, coming to duty in the morning much as they had been accustomed to go to work. The discipline was what might have been expected. Never more than nominally under the People's Commissaries, the division had on more than one occasion come into collision with the Government, and really represented an ill-disciplined pretorian guard of the revolutionary leaders.

In the latter half of December 1918 it had numbered between 1300 and 1500 men. A dispute as to wages occurred on December 23. The men demanded arrears of pay to the amount of some 80,000 marks, and held Otto Wels, the Town Commandant, as hostage for payment. The People's Commissaries in negotiating with the troops reminded them that it had been agreed on December 16 that the numbers should be reduced to 600 and that the Schloss should be evacuated. The men's delegates refused to comply with this demand and continued to hold Wels, and with him Anton Fischer (afterwards Town Commandant) as hostages. They sent a detachment (supported by another 200 men lent them by the Police President Eichhorn) to the Chancellor's

palace to arrest the Government. In the night the Majority Socialist members of the Council of People's Commissaries—in the absence of the three Independent Socialists—debated what should be done, and they came to the conclusion that there was only one course, namely, to suppress the mutiny by the aid of the military. They therefore informed General Lequis, at that time the only officer within call who had at his back any serviceable troops, and ordered him to send help to Berlin for the restoration of order. They did not, however, inform their Independent Socialist colleagues that they had taken this step. General Lequis had in his command some seven nominal divisions, such as they were ; but when he gave the order to march against the Volks Marine Division only about 1000 men obeyed. With these he marched into the city, and in the early morning of December 24 opened fire with his guns at short range on the Schloss. But the action occasioned a great uproar among the populace. Women forced their way among his troops and among those of the Volks Marine Division, and prevented decisive action being taken. The People's Commissaries, alarmed at what was going on, failed to support General Lequis, and in the end he was obliged to allow the "sailors" to march out from the Schloss with their arms and to retain the Marstall.

The representatives of the Volks Marine Division followed up their success by an attack on the offices of the Socialist newspaper *Vorwärts*, having taken objection to an article published by it criticising their action. A joint body of "sailors" and Spartacists broke into the building and deposed the editorial staff, but they were got out after negotiation.

In the ensuing discussions within the Council of the People's Commissaries the three Majority Socialists supported the action of the military. The three Independent

Socialists took the opposite course. They accused their Majority colleagues of using the military against the Republic for the purpose of wrecking the revolution, and on December 29 they resigned from the Government. The three remaining Commissaries immediately co-opted substitutes from their own ranks. Their choice fell upon Noske, then Governor of Kiel; August Wissel, a Social Democrat chiefly known for his economic work; and Paul Lobe, the editor of the Breslau *Volkswacht*, a Socialist newspaper. Lobe, by trade a compositor, had been a prominent figure in Socialist politics of the past fifteen years and was a popular speaker at public meetings. The freedom with which he had attacked the old Prussian three-class electoral system had been the cause of his serving a year's imprisonment. A man of great natural shrewdness and blessed with a rare humour, he would have greatly strengthened the Council, but he decided that his sphere of usefulness lay outside it and he refused the call. It was therefore agreed not to fill up the sixth post, and so the five carried on the work of government.

On the following day the Independent Socialists, who had withdrawn from the Government to prepare for more serious action, held a meeting to discuss their position. Three currents were evident within the ranks of the revolutionaries—the Independent Socialists of the political type who thought the "fruits of the revolution" could be gathered without fighting, the Revolutionary Foremen, or "Obkute," who were expecting to fight but did not want to; and the Spartacists, who wanted a fight and did not believe that the revolution could be attained without one. They were disagreed among themselves on a number of points, not the least of which was whether the Independent Socialists should have left the Government, the three People's Commissaries themselves being of the opinion that they ought to have remained. These

differences led to a split in the ranks, as the result of which the right and left wings separated, the latter forming the "Communist Workmen's Party of Germany—Spartacus Union."¹

The forces at the disposal of the Government were weak and disorganised. When the revolution had broken out a counter-Action Committee had been formed at the War Ministry made up of picked troops of the Berlin garrison. It was evidently intended to be the nucleus of a pretorian guard, but it was a failure from the start. The best elements of the Berlin garrison, judged by fighting standards, were at that stage with the revolutionaries, and the real Soldiers' and Workmen's Councils looked askance at this formation, which had all the appearance of a counter-revolutionary body. Although the need of a pretorian guard had for some time been felt by Ebert, the scheme was not persisted in, as the central military command had hopelessly broken down, the force might soon have proved a source of danger.

On their return from the front the Berlin troops had remained in their barracks under their officers, with a Soldiers' Council nominally exercising the supreme command. It had been decreed that soldiers who could find no work should have the right to remain in barracks for four months. The purpose behind this concession was to avoid a sudden flooding of the labour market, but the actual result was that the work-shy and unemployable elements remained to contaminate those who might still retain some remnants of decency and discipline. The troops not already disbanded were placed under a central Soviet while demobilisation was in progress, the units were kept together and the framework of the general organisation remained intact. But the spirit that had carried the Army into a fourth year of war was gone.

¹ Kommunistische Arbeiterpartei Deutschlands—Spartakusbund.

The Guards refused duty ; the Riflemen from Naumburg, till then regarded as the last word in military loyalty, went over to the revolution ; soldiers joined in the disorderly processions which took place daily, and were available for almost anything but military duty. They chose the most easygoing of their comrades to represent them on the Soviets, the better elements having no interest in the wrangle that did service for counsel. The worse elements remained on, while those who could find employment drifted away until often the members of a Soldiers' Soviet represented nobody but themselves. They persisted largely in the hope that a grateful revolutionised Germany would accord them substantial pensions.

Thus the great armies with which Germany had held her formidable lines till the last stages of the war demobilised themselves. Later on it was complained that demobilisation had been allowed to proceed all too quickly, with the result that when the time came for the use of force in the interests of order there was none available. But it must be admitted that the necessity was great. Both the demobilisation department and the food department were agreed that it was impossible to victual them. Whatever the state of the food supply—and the estimates of the period have since proved to have been unnecessarily pessimistic—it was clear that it did not allow of feeding armies. By the end of December the gigantic German Army, in the words of Herr Scheidemann, "had disappeared from the face of the earth." All that remained (and it proved a very important remnant) was the record of its organisation.

As the Independent Socialists, Revolutionary Foremen, and Spartacists perceived the course of the revolution going against them, and prepared to stem it by violent means, it became plain to the new Government that it must meet force by force, and to that end it must have

a workable instrument for imposing its will against all possible opposition. Spartacus was armed, it was numerically strong, and its blow might fall at any moment; the only question was who should take the lead against it. Noske has described how, while the supporters of the Government clamoured from the Wilhelmstrasse for arms to fight Spartacus, the People's Commissaries and their advisers, undecided what they should do, were standing round in Ebert's room in the Chancellor's palace. "I demanded a decision. Thereupon somebody replied: 'Then do the job yourself' Whereupon I made up my mind at once and answered: 'Very well, if you like. One of us must be the blood-thirsty tyrant; I won't shirk the responsibility.'" Colonel Reinhardt, the Prussian Minister of War, had previously proposed to make General von Hoffmann Commander-in-Chief. Remarking that he had hoped all along that Noske would be nominated, he drew his pen through the General's name and substituted that of Noske.

The forces at the disposal of the new Commander-in-Chief were of a mixed character and for the most part unreliable. A decree for the formation of a Republican National Guard had been issued on December 12—with good intentions but deplorable results, in that it threw the whole question into chaos. In preparation for the disturbances threatened by Liebknecht for the Reichs Congress of Workmen's and Soldiers' Councils on December 16, the Government had allowed various persons, chiefly ex-officers, to raise irregulars and citizen corps on condition that these forces were to be placed at the disposal of the Government if required. The People's Commissaries were well aware of the risk they ran in doing so; but Ebert took it on the grounds that the ex-officers could not find support from the Right for action against the Republic, and certainly would not be



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likely to co-operate with the Left. These Free Corps were sworn-in to Ebert on December 17, the duration of the oath being " till the National Assembly determines the new Constitution."

There were besides these hastily formed units some half-dozen other bodies in existence in Berlin and its immediate neighbourhood. There were the *Sicherheitswehr*, or Security Guard, formed of stragglers from the regular Army, largely employed as bodyguards by the Soldiers' Councils and for the most part distinctly hostile to the Government; the Republican *Soldatenwehr* (Soldiers' Guard), composed of a mixture of Majority and Independent Socialists, which invariably failed when attempts were made to use it in the preservation of order, owing to the political differences permeating not only the leaders but the rank and file; the Republican *Schutztruppe* (Rifles), otherwise called the "Reichstag Regiment," formed to guard the Reichstag, and consisting of about 4000 men of no particular military value. There were besides several smaller independent formations.

Noske decided that the forthcoming struggle, as he perceived it to be developing, required troops of an entirely different character. The basis of his force must be military, and it must be controlled and trained by military officers. His first task was to find out what forces were available and how they could be organised and developed. In company with General Maercker, who had raised a Free Corps, the *Freiwillige Landjagerkorps* (Volunteer National Rifle Corps), and other officers he retired to Dahlem, a suburb of Berlin, and there established headquarters in a large school. From this base a force was organised under the supreme command of General von Luttwitz, a Prussian General of the old Conservative school. It consisted of six corps: the *Landesjager* of General Maercker, the 31st Infantry Division

under General von Wissel, the National Rifle Corps of General von Roeder, the 17th Infantry Division under General von Held, the "Free Corps Hulsen" of General von Hulsen, and the Guard Cavalry Rifle Division (*Garde-Kavallerie-Schutzen Division*) commanded by General von Hoffmann.

The Independent Socialists were being drawn in the wake of the Spartacists. A few of them, seeing how matters were going and realising that their Party must in the long run meet with certain defeat, stayed away from the deliberations and refused even to take part in the sham negotiations that were being conducted with the Government. The demand that the Press should be liberated was met with a flat refusal. The Independent Socialist leaders were known to be opposed in principle to any interference with the Press; this refusal thus showed that the moderate leaders had lost all control of the rebellious masses and were being pushed aside. Under the circumstances the struggle could not be avoided.

At a meeting of the "Revolutionary Foremen" held on January 5 it was decided by 80 votes to 6 that the fighting should be resumed. Spartacus summoned the masses into the street, and a concourse of workmen, estimated at about 200,000 men, mostly armed, flocked to the Siegesallee and the Tiergarten. Noske went out to observe them and was duly impressed. "If the throngs had had determined leaders with clearly defined aims," he afterwards observed, "in the place of a set of swash-bucklers, Berlin would have been in their hands by noon."

But it was fated to be otherwise. A writer in the Communist newspaper *Die Rote Fahne*, with a fine contempt and irony, afterwards put his finger on the cause.

"The masses," he wrote, "stood from early morning till nine o'clock in the cold and fog. Somewhere or other the leaders sat and deliberated. The fog lifted, the

masses continued to stand. But the leaders deliberated. Noon came, and with it cold and hunger. And the leaders deliberated. The masses were feverish with excitement ; they asked for a deed, or even a word, to allay their anxiety. But none knew what, for the leaders deliberated. The fog came down again, and with it the dusk. The masses returned saddened to their homes ; they had desired to do great things and they had done nothing. For the leaders had deliberated. They had deliberated in the Marstall, they had gone thence to the Police Presidency and deliberated there. Outside, the proletarians stood in the deserted Alexanderplatz, rifle in hand, with light and heavy machine-guns. Inside, the leaders deliberated. . . . They deliberated all the evening and all night, till the next morning dawned grey. Once again the masses assembled in the Siegesallee, while yet the leaders sat and deliberated. They deliberated and deliberated and deliberated.”

That perhaps might stand as the epitaph to the defeat of Spartacus as a serious competitor for power. But Spartacus could still cause riot and disorder. The final result of all these deliberations was a declaration that a revolutionary committee, consisting of Ledebour, Liebknecht, and Scholze, had been set up and now formed the Government, while that of Ebert was formally declared to have been deposed. Meanwhile the Spartacists continued to occupy the newspaper offices, the Police Presidency, and a few other buildings.

For five days these disorders continued, with much expenditure of ammunition on the part of the Republican irregulars and a little damage to buildings. Negotiations continued between the Government and representatives of the Independent Socialists, though these always broke down on the refusal of the latter to guarantee the freedom of the Press. Meanwhile Noske and his officers had been

at work in Dahlem, recruiting, drilling, arming, laying in military stores, organising and planning till on January 10 their preparations were completed. On the following day the troops took up their stations in and around Berlin, isolating the working-class districts on the north bank of the Spree and holding the bridges. The fighting was short and sharp. The *Vorwärts* building was rushed, and the Spartacists abandoned their other places Noske with a force of some 3000 men, accompanied by artillery and machine-guns, paraded Charlottenburg and Berlin for the purpose of reassuring the populace. On the following day the Police Presidency capitulated and Ledebour was arrested. The Government demanded the surrender of all arms in the hands of the civil population, and a house-to-house search was made by the Guard Cavalry Division under General von Hoffmann. In the course of the struggle there were losses on both sides, and some executions ; this is not surprising in view of the exasperation on the part of the military leaders at the disintegration of the old Army. The usual formula was that "the prisoner attempted flight," which was deemed to cover almost anything. Among those killed were the two chief spirits of the Spartacus movement, Karl Liebknecht and Rosa Luxemburg. Both were taken prisoner, clubbed to death by the butt-end of rifles, and their bodies thrown into the water. That of Liebknecht was found and given a public funeral ; that of Rosa Luxemburg was not recovered from the Landwehr Canal till many months afterwards. The darker side of this sordid episode was illuminated later on at a public trial of the "executioners." Its more immediate effect was that Spartacus failed to carry out its threat to sabotage the National Assembly.

The rising was thus defeated, and the way for the general election was clear. The Guard Cavalry Division under General von Hoffmann remained in Berlin to pre-

serve order. All the other units, formed or in process of formation, were grouped into Republican *Sicherheitswehr*, which with the "Free Corps Luttwitz" was placed under the chief command of Noske. The Volks Marine Division was at last disbanded. On January 19 the election for the National Assembly at Weimar was held. Three hundred and ninety-nine members were returned; of these the Majority Socialists obtained no more than 163 and the Independent Socialists only 22. This was a grave disappointment to both, since it showed that the bourgeois element in the people was still the strongest and that a purely Socialist administration was out of the question. The National Assembly was summoned by proclamation to meet at Weimar on February 6, 1919. The Central Council of the Workmen's and Soldiers' Councils protested, but Ebert and his colleagues could now disclaim any responsibility whatever to this body. If the parliamentary system had not wholly triumphed, at least the Soviet system, though it subsequently raised its head again, had been completely disavowed by the majority of the German people.

CHAPTER VI

WEIMAR AND THE CONSTITUTION

THE National Assembly met on February 6 at Weimar, the Athens of Germany, once the scene of the triumphs of Goethe and Schiller, of Bach and Liszt, and for a century and more the intellectual capital. The National Theatre had been adapted for the purposes of a Parliament; the Schloss, till lately the home of the Grand Dukes, was made to serve as a meeting-place for committees. Not much was expected from the performance upon which the curtain was about to rise. Seldom indeed, if ever, did a Parliament meet under less auspicious circumstances. A task that needed the authority of a united nation behind it was to be performed by a representative gathering torn with dissension on almost every subject. There was disagreement even as to the form of the State. It assembled under the shadow of a great disaster, and it looked towards a threatening future. "Right" and "Left" were exchanging recriminations on the responsibility for the lost war. From France there filtered rumours of the sort of peace in store for a defeated Germany. Outside, the Soviets, though beaten, were still active; the Spartacists were fomenting strikes and violence; there was fighting on the German frontiers; and during the course of the session Munich went through a phase of Bolshevism which, though never within sight of being successful, gave the rest of Germany an anxious time while it lasted. The National Assembly worked in a blaze of publicity and

suffered from nerves It made minor mistakes and came dangerously near to making a major one, in that it was only saved at the last moment from adopting the advice of its Foreign Minister, Count Brockdorff-Rantzau, and rejecting the renewed armistice terms in language that might easily have meant a resumption of the war. The astonishing thing, however, is not that it should have approached failure, but that it should have achieved so great a measure of success. It is not too much to say that the solid practical work done by the National Assembly at Weimar threw up a permanent bulwark against disintegration and ruin, and shaped the destinies of the new Germany.

The defeat of the Spartacists, though not final, did definitely settle the course of the Government of Germany for the immediate future. The result of the struggle had been the abandonment of the Socialised State as a practicable possibility and the consolidation of a form of moderate Republicanism. The Socialists, who had not sincerely desired a revolution or even the overthrow of the Dynasty, had allowed themselves to be driven onward to both by competition with the Independents But once they had embarked upon a change they meant it to be complete—something at least in harmony with the Erfurt programme and based on the Marxian theories

Gradually, however, it dawned upon them that this was not possible, and that if they attempted it their main support would disappear. In their own ranks there were many who, while paying lip-service to Marxian theories, were sufficiently clear-eyed to see that Marxian practice, especially as a means of winding up a lost war, was the short road to ruin. The Trade Union leaders, deep in strikes and wage struggles, wanted a Government which could be relied upon not to interfere with the re-starting of industry. The bourgeoisie, stronger than had been

expected, was against any Socialistic experiments and was able to make its insistence felt. It, too, had still something to lose. The People's Commissaries, and with them the chief leaders of the Trade Unions, realised that the Socialised State could not be created without involving the ruin of industry, and that if it were attempted the State itself would be merely acting as liquidator. Perhaps the conviction came as a welcome relief. The Majority Socialists could always plead that the preliminary terms of peace had laid down as a first condition the establishment of a democratic Republic. Hence the way was now clear for the National Assembly to attack the urgent problems of State with which the new Germany was confronted.

The elections had been decreed by an order of the People's Commissaries on the basis of universal suffrage, men and women, of all who had completed the twentieth year. For the purposes of the election Germany was divided into thirty-seven electoral districts, one deputy being allotted to every 150,000 votes. The system of voting was an imperfect form of proportional representation (subsequently amended by the Reichstag) involving the transferable vote. Of the 35 million on the registers some 30,410,000 voted, and of the men voters 82·4 per cent, and of the women 82·3 per cent, went to the polls. The elections passed off quietly, thanks probably to the impersonal system under which they were conducted. There is not the same opportunity for the display of passion in voting for a Party list as there is in voting for a person. The electoral scheme had been designed to include Alsace and Lorraine, but these provinces were already in French hands, *de facto* if not yet *de jure*, and the French authorities prevented the polling from taking place.

There was some regrouping of the old parties of the

Reichstag and a display of new quasi-democratic labels. The Conservatives became the German National People's Party ; out of a section of the old National Liberals and *Freisinnige* the German People's Party was evolved, representing conservative, industrial, and monarchist interests—a Party something similar in character to the old Liberal-Unionists of Joseph Chamberlain's period, and very jingo, as became its annexationist past. The Clerical Centre remained the same ; it changed its name for a brief period to the Christian German People's Party, but soon reverted to its old title of *Zentrum*. A bourgeois democratic Party was formed with the name "German Democratic Party," decidedly liberal and fundamentally in favour of the Republican form of the State. Largely Jewish in its membership, it had originally been called into being to make a strong counter-weight against the Majority Socialist Party, which might be still suspected of experimenting with the Socialised State. However, the two never came into serious conflict, and the Democratic Party was from the first actively allied with the Majority Socialists for the protection of the Republic. The Majority Socialists retained their old title and represented the reformist wing of Socialism , the Independent Socialists retained theirs, having shed direct association with the Spartacists, who had become Communists of the Moscow pattern and took no part in the National Assembly. New labels did not mean new ideas. and it was soon found that the parties had actually undergone little change. Politics in Germany are, after all, a mental state—a *Weltanschauung*—and are not easily adaptable to change or circumstances.

The parties thus formed gave the political colour and texture to German parliamentary life for a period that long outlasted the active stages of the revolution. There was a good deal of overlapping in their political

programmes. Following the example of the States-General after the French Revolution, they were ranged in the public mind as from Right to Left, the Right representing the most conservative, and the Left the most radical. Thus the German National People's Party (afterwards currently known as the Nationalists) in their election programme reflected the views that had been those of the Conservatives and Agrarian Junkers of the Kaiserreich. They did not mention the monarchy ; perhaps it did not occur to them to state their views on so obvious a matter, but they repudiated dictatorships of any persons or class. They admitted that after the events of the revolution parliamentary government had become the only possible form, and thereby tacitly registered their distrust in it, which was in fact profound. The German People's Party similarly accepted the position, but implied two other points—a belief in a German monarchy (to include Austria) as the only form of Government capable of ensuring a future for the German people, and a belief in its limitation by parliament. Both these parties expressed strong views against any form of socialisation and in favour of the freedom of private enterprise.

The Clerical Centre Party cut across, as it always had done, the normal principles of political groupings, mainly owing to its age-long association with the Catholic Church in Germany. It sought by means of its change of title to attract the adherents of other faiths and to get rid of its eminently clerical associations. But these were too deeply engrained, and though it acquired some non-Catholic members, its principles and its catholicism (in the ecclesiastical sense) remained unaltered. Since the Catholic faith in Germany embraces all classes, and since the widest political differences obtain as between these, the Centre Party could only exist under the broadest possible programme and did, in fact, seek as far as possible to

avoid committing itself. But in so far as it confined itself within dogmas, it adopted the principle of Germany as a Federated Republic. Personal ownership of property and private initiative were to have free play, but private monopolies were to be replaced by communal administration. The Bavarian People's Party (which made common cause with the Centre), though monarchist in theory, accepted the Federal Republic with strong particularist reservations as to the rights of the component Federal States—Bavaria for the Bavarians—and refused to commit itself on the subject of socialisation.

The German Democratic Party declared itself frankly republican. A part of it was anti-federalist and in favour of a centralised administration. While avoiding any declaration on socialisation, it showed that a considerable section of its membership inclined towards State ownership and control of the mines, but was otherwise in favour of private enterprise and ownership.

The Majority Socialists favoured a centralised Republic (in which they courted the opposition of the Federal State governments) together with the socialisation of "such industries as were ripe for it," a phrase they never succeeded in resolving into practical projects. The Independent Socialists, on the other hand, repudiating the bourgeois Republic as it had emerged from the revolution, called on its supporters to carry on the fight by parliamentary means until capital and the means of production (beginning with all mines and the sources of energy) should have passed into the communal ownership of society.

The result of the election was as follows : The German National People's Party (Junker) received 42 seats and the German People's Party (Industrialist) 21 seats, a total of 63 predominantly monarchist deputies. The Centre (Catholic) received 88 seats and the Democrats 75, a total

of 163 predominantly bourgeois republican deputies. The combined bourgeois vote was thus 226. The Majority Socialists received 163 seats; the Independent Socialists received 22 seats, and these, though incapable of co-operation, made a total of 185 predominantly Socialist deputies. Ten seats went to small particularist groups (4 Hanoverians, 4 Peasant Party, 1 Brunswicker, 1 Agricultural Labourist), making a total of 421 deputies. The combined bourgeois voting strength in the National Assembly was thus in excess of the combined Socialist strength. Any possible bourgeois coalition could outvote the Socialist Party.

This was a great disappointment for the Socialists. There can be no doubt that the feeble support given to them at the polls was largely the reflexion of public disgust at the struggle waged between them and the Spartacists. The German citizen called the whole business a *Schweinerei*, and threw the blame for it upon the Socialists as the Party in power. There could be no co-operation between them and the Independent Socialists, and—since they had inaugurated the system of proportional representation as the true spirit of parliamentary democracy—no question of a minority Government. At best they might hope to form a democratic coalition by joining forces with the Democrats and Centre, thus driving the National Assembly to divide definitely into two camps, Monarchs and Republicans.

Before proceeding to Cabinet coalitions, however, it was necessary that the National Assembly should elect a President and pass a provisional constitution defining the powers and limitations of the new Republic. Its very first act showed how little the new order had changed old habits, for the election to the presidency made it plain that the Assembly had inherited all the jealousies of the old Reichstag. On a vote taken on February 7, Dr. David,

a prominent Socialist, was declared elected, with Herr Fehrenbach, the leader of the Centre Party, as Vice-President. The Centre Party showed resentment at this, on the ground that it was not getting its fair share of the spoils of office, having regard to its numerical strength. The justice of this complaint was admitted, curiously enough, and an occasion was sought to placate the Centre. It was done by promising Dr David a portfolio in the new Cabinet about to be formed, and holding a re-election on his nomination. Accordingly, Herr Fehrenbach was elected President of the Assembly on February 14, and he occupied the office during the whole remaining period of its existence.

The provisional constitution, as drafted by Herr Hugo Preuss, a former official of the Prussian Ministry of the Interior, consisted of ten short paragraphs. It was predominantly republican (in the circumstances there was no alternative), but the centralising tendencies of the first draft were rejected at the instance of the Federal States, and the federal character of the old Germany was preserved. Whether this has proved in the interests of Germany cannot be decided, opinions being still very sharply divided on the matter. Many Germans thought a great opportunity was missed. The importance of the provisional constitution as finally passed lay in the fact that it shaped the actual constitution drawn up at a subsequent stage. Yet even after the revolution it could not be said that there was a bare majority of the German people for democracy and parliamentary government. Monarchism remained almost instinctive. Since, however, the monarchy had relied for its support solely upon the armed forces, its fall was inevitable when they collapsed. The fact that the Army had been disbanded therefore effectively precluded any idea of a restoration. Had it been possible to revive military power at this stage it is

probable that little more would have been heard of the Republic. In effect also it was thought that under the terms of the Peace Treaty the obligation would be placed upon Germany to adopt the republican form of Government; and the Majority Socialists seem to have imagined that by these internal reforms they would achieve some alleviation in the severity of the terms. Both proved illusions; the Treaty of Versailles did not dictate any particular form of government for Germany, and German internal reforms carried no weight whatever in the deliberations of the Conference.

The provisional constitution was elaborately debated and amended in the National Assembly. The Majority Socialists had intended a unified and centralised Reich, to include Austria. What was achieved was a decentralised federation of republics. Particularism, coming most strongly into evidence in the case of Bavaria, but not solely Bavarian, proved too deeply ingrained, and the Germans were once again revealed as a loose federation of jealously individualist states. The leadership of Prussia, with safeguards against domination, was retained in the States Committee (afterwards to become the Reichsrat, the successor of the Federal Council or Bundesrat, but differing from it in that it did not bar the way to Parliament). The Bavarians, Wurtembergers, and Badeners reserved their special rights by declaration. An academic debate was raised as to whether the National Assembly represented *de jure* the sovereign will of the people—as though almost all governments have not been *de jure* illegal at some stage of their inception.

The principal provisions were: The States Committee's assent was necessary for enacting laws; the State representatives had the right to take part in the proceedings of the National Assembly; the President of the Reich, elected by an absolute majority of the National Assembly,

to represent the Reich abroad ; treaties with Foreign Powers required the ratification of the National Assembly ; War and Peace to be made only by a law of the Reich ; the Ministers to be responsible to the National Assembly and to be dependent upon its confidence ; and ordinances of the Reichs Parliament to require the counter-signature of the Minister.

The provisional constitution, transferring the power of the State from the People's Commissaries, was adopted against the votes of the 22 Independent Socialists and a few other deputies. Thereupon the People's Commissaries, through Herr Scheidemann, handed in their resignations, regarding their task as accomplished. Their leader, Friedrich Ebert, was elected President of the Reich by 277 votes, though only 379 out of the 421 deputies took part in the division. His oath of allegiance contained a curious reservation. It was as follows : "I swear that I will truly observe and protect the Constitution of the German Reich. I desire and intend to act as the authorised representative of the entire German people, not as leader of a single party. But I also declare that I am a son of the working class, grown up in the world of ideas according to Socialism, and that I have no intention of denying either my origin or my convictions."

A Cabinet comprising a coalition of Majority Socialists (8), Democrats (4), Centre (3), with the addition of Count Brockdorff-Rantzau (who belonged to no party) as Foreign Minister, was formed by Herr Scheidemann, as Chancellor. This alliance of parties was destined to become known as the Weimar Coalition. It was confronted with two formidable tasks : (1) the adoption of a permanent constitution for the Republic and (2) the conclusion of peace. Each of these tasks involved subsidiary decisions and action in themselves hardly less formidable. The finances of the Reich were in a state of

chaos. All Germany's appeals for credits from the victorious Powers had been rejected, and the task that lay before the Finance Minister, Herr Schiffer, teemed with difficulties. The trend of Allied ideas on the nature of the proposed peace was known in broad outline and was full of terrors. For its special handling, Herr Mathias Erzberger, who had come to the front chiefly as the civilian negotiator of the armistice, had been given a seat in the Cabinet without portfolio.

The provisional constitution, formally recognising the power to be in the hands of the National Assembly, having been adopted and the Cabinet having been formed, the new Government of the German Republic could begin its task of shaping the new order. In view of the fact that it was still in the dark as to the fate that was being prepared for it at the Peace Conference in Paris, its handling of the situation showed considerable courage. Herr Scheidemann announced his Government programme, which was a patchwork of the older ideas—socialisation, the settlement of the land with ex-soldiers, the taxation of war profits, and so forth. It was but a screen which barely concealed the real programme, a scheme of taxation designed in some measure to put German public finances on a more stable footing and to correct the worst evils of the financial policy that had presupposed the tributes that must accrue from an overwhelming victory. Germany had spent on the war :—

	Million Marks
In 1914 (five months)	7,500
,, 1915	23,000
,, 1916	26,600
,, 1917	39,600
,, 1918	48,500

There were uncovered credits of 161,000 million marks, of which 58,000 million marks represented discounted



PRESIDENT EBERT

Treasury bills carrying in themselves the germ of the future inflation. The Reichsbank was not autonomous and was obliged to discount these bills when the Reichs Treasury presented them. The paper currency, which had been 2000 millions in 1914, was then 34,432 millions. The estimate for pensions was 4100 million marks, or one-quarter of the entire Budget expenditure. No provision could be made for interest or sinking fund on the debt. The Minister of Finance might solemnly declare to the Assembly that there could be no question of annulling the German war loan or confiscating the savings bank deposits. Both were already doomed, and any competent finance authority must have known it.

In view of the circumstances under which it was produced the new constitution must be regarded as a very remarkable piece of work. It differed in a few details from the provisional constitution described above, but not in principle. Its author, Herr Hugo Preuss, who introduced it into the Assembly on February 24, had gone to all possible models while retaining the essential framework. In its 181 articles it designed a State in which an equilibrium was sought between Parliament, Cabinet, and President. It had also to preserve a balance between unity and federalism, to abolish the domination of Prussia without destroying Prussian leadership, and it had to safeguard individual liberty while making provision for the suspension of guarantees in case of intransigence on the part of any one state. It adopted the initiative and the referendum, with proportional representation, under a universal suffrage, and it provided for the election of the President by the direct vote of the entire nation.

The constitution represented with fair accuracy the psychology of the country. Some of the paragraphs made a vital change in the life of the German people; others were practically meaningless. A number of its provisions

were pious aspirations, without sanctions or force, recommended to the people after the manner of some moral precept. Nearly all the paragraphs on education were of that character. The Constitution reflected to a greater degree than would seem desirable in a national document the current questions, and even newspaper opinions, of the day. It also reflected in paragraph after paragraph the disputed questions of the Treaty of Versailles. In some respects it was extraordinarily mild ; in others it was advanced almost to a point of savagery. (Article 48, for example, put the widest powers of dictatorship into the hands of the President, limited only by the exercise of his common sense) But when it is remembered that it was drawn up while the passions of a recent revolution were still aflame, and debated with a Socialist majority new to power, the average of its moderation and good sense must compel admiration. A good many of its provisions were destined to be the subject of conflict, especially in respect of putting limitations upon the power of the Federal States and suspending personal guarantees. The Bavarian Premier, indeed, went so far as to declare its rejection by the Bavarian State, and to order the Bavarian envoy to resign. But it has stood the test of time, and has undergone very little alteration. This is no doubt due in part to the difficulties of amending it, a two-thirds majority being required. Yet these difficulties have in themselves served the useful purpose of compelling the disputants to exhaust the possibilities of negotiation before risking a decision by Parliament.

CHAPTER VII

WEIMAR AND THE PEACE TREATY

THE armistice had been renewed by an agreement drawn up on February 16, 1919. Meanwhile the terms of the Peace Treaty were being debated by the Allies in Paris, the proceedings being followed with a mixture of interest and apprehension in Germany. It is not one of the mental qualities of the German people to be able to project themselves into the situation of their opponents, appraise questions from that point of view, and derive the advantages to be obtained from detachment. A large majority of Germans must have been able to recall the annexationist plans and reparationist programmes they had framed when a victorious outcome of the war seemed within grasp. It is therefore a little surprising that the severity of the Allies' peace terms should have taken the entire nation by surprise. To the last the Weimar Government could not believe that the Powers assembled in Paris were really in earnest. The greater part of the nation had evidently formed no estimate of the effect of the war upon public opinion in the Allied countries, Germany had confidently expected not a Peace Conference but a Peace Congress, with a German representative sitting on the Council and possibly an American representative acting as at least half an advocate for German claims. As the Conference proceeded, and as the reports of its deliberations were examined by the Peace Committee of the National Assembly at Weimar, it began to dawn upon Government

and deputies that the terms were not likely to err on the side of moderation. In due time the German delegation was summoned to Paris, and on April 28 it left, under the leadership of Count Brockdorff-Rantzau, with instructions more fitting to a delegation of the victorious than the defeated. It availed them little.

It is not within the scope of this book to consider the merits of the Peace Treaty in any respect but that of its influence and effect upon the German people. The terms were received in Germany on May 7, and were debated by the Peace Committee of the National Assembly on May 12. No sooner were they made public than an outcry arose—the terms were monstrous, Germany was being denied the rights and justice of a civilised people; the Peace was unacceptable, and Germany's signature could only be obtained, if obtained at all, by the exercise of force. The penalties and burdens placed upon Germany were enumerated and appraised, and with each fresh examination they assumed a more formidable aspect.

Briefly from the German point of view they fell into three categories: Territorial, Material, and Sentimental. In the first, Germany lost permanently all her colonies, Alsace and Lorraine, her Polish-speaking territories, a strip of her Danish conquest of 1864, the Belgian frontier districts of Eupen and Malmedy, the city and port of Danzig, and for a period of fifteen years, pending a plebiscite, the whole of the Saar coal area. A further Danish strip, the East Prussian frontier districts of Allenstein, Marienwerder, and (as was subsequently decided) industrial Upper Silesia were to be the subject of a plebiscite, in some of which the outlook for Germany could hardly be considered favourable.

In the second category, besides a number of clauses demanding restitution, was a scheme for the payment of reparations, both in cash and in kind, covering not only

material damage but also pensions, thought to have been designed for the express purpose of keeping Germany in economic subjection for generations to come.

The third category contained naval, military, and air clauses effecting the complete disarmament of Germany, the admission of Germany's sole responsibility for the war, the surrender of those members of the German fighting forces accused of having committed acts of violation of the laws and customs of war (the so-called war criminals), the occupation of a part of the Rhineland for a period of fifteen years as a guarantee for reparation payments, and the surrender of the fighting fleet together with a large part of the mercantile marine. It is true that some of the conditions were manifestly incapable of anything approaching complete fulfilment, and that others, such as the arraignment of the ex-Kaiser, had no meaning at all. At the moment these considerations weighed little with the Allies, and they were given their full sentimental value in the National Assembly's debates. Mixed motives guided the opposition to them ; the clause relating to the war criminals touched the most sensitive spot in a people whose view of the rights and privileges of a soldier in war is by tradition totally unlike that of Western Europe. But for its inclusion the subsequent bitterness and reaction in Germany might have been much weaker. On the other hand, the opposition to the clause affirming Germany's responsibility for the war, though cloaked in a question of national honour, was primarily material, being based on the supposition that if it were removed from the Treaty the responsibility of Germany to make good the ravages of the war could not be upheld. Moreover, Party considerations bulked large in the decisions. That of the Majority Socialists, for example, was clearly influenced by the fact that the Independents were prepared to sign. Their own continued refusal might have

meant the victory of the extreme elements at long last, and that they could not afford.

The military consequences of not signing had, however, previously been weighed with great care. Herr Scheidemann's Government, on receipt of the Allied Note of June 16, finally rejecting the German amendments to the Treaty, had consulted Field-Marshal von Hindenburg as to the chances of further resistance on the part of Germany. Hindenburg in a memorandum dated June 17, 1919, replied that in the event of the resumption of hostilities the German troops were strong enough to reconquer the province of Poland and to hold the frontiers, but that in view of the enemy's numerical superiority in the West and ability to envelop either flank no success there could be anticipated. He added that as a soldier he must prefer an honourable defeat to a shameful peace. Great excitement prevailed in the Reichswehr and the Free Corps, the officers demanding the rejection of the Treaty. General Heye (afterwards to become Commander-in-Chief of the Reichswehr) came to Weimar with a plan for opposing the Polish settlement by force of arms, the Government to take no notice of the scheme until after its success or failure. But the Socialists would have none of it, and they threatened to launch a transport strike if he attempted it. The plan was thus abandoned.

A demonstration against the peace terms was dramatically staged by the National Assembly in the great hall of Berlin University. Herr Scheidemann delivered a rhetorical speech in which he declared that the hand must wither which signed such a document, and that in brief it was "unacceptable." The word was caught up, and from each Party a speaker reiterated refusal, though not one deputy publicly faced its certain outcome. Only Herr Erzberger, who had conducted the armistice negotiations, and might be presumed to know something of the

temper of Germany's opponents, weighed up the consequences, and set forth in a memorandum what might be expected to happen. In this he foresaw the Allies advancing to a line at least as far east as Cassel, parallel with the Rhine, including the occupation of the Ruhr coalfield ; a corridor from Frankfort to Prague, separating Northern and Western Germany from Bavaria, Baden, and Wurtemberg ; the resumption of the blockade ; reprisals and deportations on a scale not less than those of Germany in Belgium during the last stages of the war ; and a Polish invasion in the East. He predicted the collapse of production in Germany, the rise and triumph of Bolshevism, the destruction of authority, and civil war with the inevitable separatism and disintegration of the Reich—the very thing, he pointed out, that France might be presumed to be aiming at. The irony of fate thus decreed that he, who had drawn up in 1914 the most extravagant memorandum of Germany's war aims, should now be required to estimate those of Germany's enemies. Herr Scheidemann, and a good many members of the Majority Socialist Party with him, held the view that the Reich would collapse just as certainly if the Treaty were signed, and he therefore refused to put his name to it. But finding his Cabinet divided, he resigned on June 19, and left Weimar.

Fortunately, the decision of acceptance or rejection fell into other hands. It was evident that it cut right across Party lines within the Cabinet, while in the National Assembly only the Independent Socialists were for unreserved acceptance. The two monarchist parties, the Nationalists and People's Party, professed themselves solid for its rejection. How deeply these protests went can be judged only in part from what followed. Not all those who declared for rejection were self-seekers and hypocrites, and not all who declared for acceptance were

invertebrates and cowards. For once the rival parties were prepared to admit the sincerity of each other's motives without sharing them.

Indeed, there was every ground for a more charitable attitude than is usual in German politics, for the deputies were placed before what must have seemed to them a momentous decision. That they could not see the inevitable outcome was perhaps due to the way in which they had readily swallowed falsehoods throughout the war. They imagined themselves placed before a dilemma as to what would happen (*a*) if they accepted the peace terms and (*b*) if they rejected them. The prospects on either horn being fraught with terror.

Those who were opposed to signing the Treaty adopted the standpoint that the terms were beyond Germany's power of fulfilment, besides containing clauses which it would be a degradation to accept. They realised that they were powerless to resist, and that in the event of an advance by the Allies they could only let the deluge pass over their heads. But they were also influenced by the consideration that nothing that could happen to Germany was worse than the dissolution of the Federated Reich into single states, since this would betoken the end of a united Germany for generations to come. They also professed political scruples against the undertaking of burdens they were convinced they could not fulfil and against admitting accusations they did not believe to be true. At the best this might have been a case of *Credo quia absurdum*, but it is strange that men who had cheerfully swallowed the largest camels in the war could thus strain at a few gnats.

Of those advocating refusal, one section was for making it as categorical as possible, apparently in the secret expectation that an attitude of determination on the part of Germany to "go under" rather than accept humiliating

conditions would so impress the Allied and Associated Powers that milder terms would be forthcoming ; and alternatively that if the Reich did " go under," it would live to rise again. These deputies never explained how they envisaged the " going under " of Germany, and they showed a strange misreading of the temper of the Allies.

Yet another section, and this perhaps the largest, affected to believe that the Powers were using the peace as a means of extortion. These held that if Germany stood firm the peoples of the Entente countries would compel their Governments to modify the terms. This was the attitude of those who had advocated a peace during the war, and of the German adherents of the League of Nations. Only the smallest number faced the strong probability—almost a certainty—that if Germany refused, the Allied Armies would at once be set in motion to cross the Rhine. Among them was Herr Friedrich Payer, a former Vice-Chancellor and a leading member of the Democratic Party. He recalled the action of the Germans at Brest-Litovsk when the Russians had refused to sign the Treaty. They had occupied Livonia and Estonia and had not afterwards surrendered them ; and he was convinced (and did his best to convince others) that if as the result of refusal French troops occupied the Ruhr they would not easily be got out again.

This, however, was not the kind of argument that would appeal to the German mind. The Democrats resigned from the Government. The vacant offices were hastily filled by Socialists and Centre Party under the Chancellorship of Herr Gustav Bauer, a Trade Union leader. He had been told by Herr Erzberger that the Powers would not be likely to allow the peace negotiations to break down on a paragraph or two, and that he could quite safely reserve Articles 227 to 230 relating to the responsibility of Germany for the war and the surrender of the

war criminals. Well aware that a comprehensive "No" could be but a postponement of "Yes," he informed the National Assembly that, subject to its vote, the Government intended to accept the Treaty minus these two clauses, although convinced that it could never be fulfilled.

With the support of the Centre, the Majority Socialists, the Independents, and a few Democrats, he secured 237 votes, sufficient for the purpose, and a Note to this effect was despatched. The deputies appear to have entertained no doubt that the Peace Conference would accept the qualified reply, and they began to leave Weimar. Consternation therefore prevailed next morning when the answer came that the Allies rejected these reservations, that the time for discussion was past, and that Germany must sign unconditionally or accept the consequences of refusal. The time limit elapsed at seven o'clock that evening, German time.

Rather more than three hundred deputies still remained in Weimar, and a rapid calculation showed that they were almost equally divided between those who could be counted upon to support the Government and those who would certainly oppose. The diehards refused Herr Bauer's demand that they themselves should take over the responsibility of Government. But as the hour of final and irrevocable decision approached, the immediate consequences of refusal, of which the most present was invasion across the Rhine, overshadowed the distant consequences that might follow acceptance. A fresh Note was impossible, but the previous day's vote could perhaps be made to cover the new situation if the legal and political requirements were satisfied. The suggestion came from the diehards; they even gave an undertaking, afterwards delivered in the Reichstag, that if the Government signed the Treaty unconditionally they for their part would not make it a matter of reproach, but would declare that it

had acted from motives of patriotism. As for the legality of the position, it was readily contrived by the jurists.

In a last Note of protest, therefore, the Government of Herr Bauer accepted the inevitable and undertook to sign the Treaty unconditionally. The other side of the pact has been kept, more or less faithfully, being extended to the two signatories, the Majority Socialist, Hermann Muller, and the jurist of the Centre Party, Dr. Johannes Bell. The murmurs of mutiny in the Army assumed a threatening tone, but were stilled by a specious proclamation, and the officers, who had threatened to resign in a body, remained with their units. They realised that while they might overthrow the Republic, they would but create a new chaos.

Germany was now free to take stock of the future and to begin to look ahead. And since the future, as designed for her by the Treaty, was one long vista of reparations and deliveries, the immediate survey was of an economic character. It was summed up in the words "Reconstruction and work—then more work."

In another respect Germany's future was settled during the Weimar period. The Soviet system came to an end, in that it died from want of support. The Second Congress of the Workmen's and Soldiers' Councils was held in Berlin concurrently with the session of the National Assembly at Weimar. It differed materially from the first in that it was held after the struggle between the Government troops and the revolutionaries in February. The battle for domination had been lost, and already the power had fallen from the hands of the local councils. As for the military Soviets, Noske on May 8 made short work of them by a decree that their activities must be completely separated from those of the civilian Councils. Just as the latter were not allowed to meddle with military affairs, so the soldiers were forbidden to meddle with

civilian matters. It was an astute move. It played the uniform off against the *Zivilist* in the truest German military tradition, and it robbed the Soviets of their last vestige of power. The Independent Socialist Party, the rank and file of which was still under the influence of its November triumphs and quite oblivious of the trend of events, had forced the leaders to resign from the Government against their own better judgment, leaving the Party a prey to confusion and disintegration. From thence onward a strong Left wing wavered between extreme Socialism and Communism. The Majority Socialists were not slow to seize the tactical advantage. They took the most prominent part in the Congress, at which they were very strongly represented. They defeated a proposal for the formation of a Central Workmen's and Soldiers' Council for the Reich. The Congress had no executive authority whatever ; it resolved itself into a debating society of the most academic kind, went solemnly through its agenda, and passed a variety of subversive resolutions which were no more than paper. As though its failure were not sufficiently patent, the Independent Socialists on May 26 demanded that a Third Congress should be summoned, but the Central Council declined to make itself still more ridiculous. Therewith the Soviet system may be said to have died out. The Soviets were never properly organised ; certainly the Central Council had done nothing to organise them. They overlapped, they debated, they passed resolutions, but they had no executive power. The Trade Unions might have given them reality had they chose to apply their organising methods to them. But from the first the German Trade Union movement took no interest whatever in Soviets.

Yet the Soviet system did not go down without a struggle. Spartacists, in a last grasp to regain by force what they had failed to hold by statecraft, provoked

strikes and risings throughout the entire period of the National Assembly at Weimar. The wisdom of the People's Commissaries in decreeing that Weimar should be the scene of the Constituent Assembly was amply justified. Both Weimar and Berlin were in the very centre of two disturbed areas, but Weimar could be guarded and Berlin could not. A cordon of Government troops, with headquarters at the Belvedere, ensured the tranquillity of the town. Though the posts were so loosely placed that it was always possible to evade them, the display of force proved sufficient to maintain order, even though a rising at Eisenach, only a few miles away, at one time threatened to set the surrounding country aflame.

The hand of the Russian Bolsheviks was visible throughout the disturbances. Radek, the Soviet Commissioner, had offered the German People's Commissaries an alliance for a joint war against the Allies on the Rhine, an offer it was thought wise to refuse ; it was probably not meant sincerely, but with the duplicity which was ever the chief characteristic of Bolshevik "policy," a state of anarchy was at the same time being fomented in various parts of Germany for the overthrow of the Republic and the substitution of Sovietism. To a certain extent the soil upon which the Spartacists went to work had been prepared in advance. The working classes, especially the lower strata of unskilled labour, were beginning to be disillusioned as to the benefits of the revolution. They had been promised great things in high-sounding phrases by the People's Commissaries in the first flush of triumph. The earth and its fullness—to them the mines, the factories, and the land—were to be theirs. The great panacea of socialisation, which to them meant the profits of industry flowing into their own pockets, was to have been carried through ; yet nothing had happened except that the purchasing power of money

had heavily declined—wages were actually lower and prices actually higher. They wearied of promise, they wanted performance. Their Trade Union leaders, themselves completely disillusioned as to the possibilities of socialisation, could give them no counsel. The first report of the first commission had been sufficient to demolish any hopes of socialising the mines. But the miners themselves were still under the influence of the later phases of German war mentality. They knew of the profits made by the owners in 1917, and though since the revolution production had sunk to one-half of that of 1918 they were convinced that the industry was still so flourishing as to be able to afford vastly higher wages all round. The mine owners for their part were bound to be cautious in the face of the depreciation of money and values ; they had besides the support of the Government and the Trade Union leaders and, for what it was worth, the rising tide of conservative reaction. They stood firm.

There had been wage strikes in December 1918 throughout Germany, and more especially in the industrial west. The strikes which now broke out were really economic struggles with political aims. Beginning with demands for higher wages and improved labour conditions, they speedily developed a revolutionary character. Herr Scheidemann in a speech in the National Assembly on April 10 declared that the real danger was no longer from without but from within. The principal force of the quasi-industrial struggle was felt in the Rhineland towns, especially Dusseldorf, Mülheim, and Cologne, and it was here that the issue was decided. A phase of anarchy set in, accompanied by an outbreak of anti-militarism, the strikers perceiving in the scratch troops enrolled by Noske an attempt to destroy the revolution. That may have been the case, though at the time the task assigned to General Maercker, General von Wattier, and the other

officers of the old regime was to use their Free Corps and *Landesjager* solely for the restoration and maintenance of order. They performed it as soldiers rather than as police. Their troops, nominally recruited as frontier guards to stem a feared invasion from Russia and Poland, were composed of mercenaries under officers of the old Army, and fighting was the business they best understood. Meeting with resistance to their rough methods when they attempted house visitations in carrying out the order to disarm the civil population, the military authorities appealed to Noske to strengthen their hand. As the result of this he issued on March 9 a decree which became known as "Noske's Shooting Order": "The atrocities and bestiality of the Spartacists fighting against us compel me to issue the following order: Any person encountered fighting with weapons in his hands against the Government troops is to be shot at once." Strictly speaking, it was illegal, since the only law governing the state of siege, the Prussian law of 1851, required a court-martial with witnesses, any sentence to be confirmed by an officer not under the rank of a colonel. Its effect, of course, was to make the struggle more bitter and to produce a sequence of atrocities which even to-day rankle in the public mind.

Risings, beginning as strikes and developing political characteristics almost immediately, broke out in different parts of the country. It was as though an incendiary, being determined to burn down the house, had poured out petrol on every floor. The procedure was nearly always the same. Magdeburg, the city which had seen the terrible sack of Tilly in the Thirty Years War, was early given over to street-fighting and looting, in which one of the People's Commissaries, Landsberg, was taken prisoner and held as a hostage. The outbreak was repressed by General Maercker and his *Landesjager*, not without bloodshed, and a Trade Union leader was installed as

Burgomaster. In Berlin the minor State and municipal officials supported the strike, and there were disturbances lasting for days, during which numbers of persons were shot out of hand on the plea that they had either been taken with arms in their hands or had hidden arms in their houses—for the military placed an ungenerously wide interpretation upon Noske's order. One officer, Lieutenant Marloh, so far lost his head as to place twenty-nine sailors (who had come off guard with their arms and were drawing their pay) against the wall of a courtyard in the Französischestrasse and blow them to pieces with a machine-gun. One of them, left for dead, survived to give evidence of the scene at Marloh's trial. In Dresden, a stronghold of the Independent Socialists, and therefore still nominally under parliamentarian influences, the strike began as an orderly demonstration. But the futility of the Independents was once more demonstrated, for the power almost immediately passed out of their hands into those of the Spartacists, who set up a dictatorship, dragged the Saxon Minister of Defence from his room in the Diet, beat him till he was unable to stand, flung him into the Elbe, and shot him as he tried to swim ashore. In Leipzig a state of siege was declared and Government troops marched in. Then Leipzig suddenly remembered that its trade fair was approaching. The strike collapsed, the fair passed off without incident. A strong garrison shortly afterwards occupied the city and railway junction without the slightest resistance being offered. In Brunswick, where the populace had been continually terrorised by a Volks Marine Division and a force of "People's Irregulars," composed largely of roughs, a notorious Spartacist, Sepp Oerter, proclaimed an independent North-West German Republic with himself as head of a dictatorship committee. But on the very first appearance of Government troops with the plain intima-

tion that they meant business, the strike collapsed and with it the Separatist Republic of North-West Germany. The dictators fled, and the Brunswickers made holiday to welcome the troops into their city. In Upper Silesia the disturbances assumed a peculiar character. They began as the Spartacists had intended, but the strike never became a strike against the German Government. Amid the dissensions of a mixed population of German and Polish miners, the exhortations of the Spartacists were soon submerged beneath a fierce pro-Polish agitation.

The strikes and their excremental riotings lasted for ten days. The Independent Socialists were ready from the first with terms for calling the strike off, but they were ignored by both sides, and in the end capitulation was practically unconditional. There was a last flickering in May, when the Independent Socialists joined with the Spartacists to provoke a rising in East and West Prussia. It lasted three days. But for all serious military purposes the whole movement had collapsed by the end of April.

Thus the great general strike, in spite of its widespread character, had shown that it carried within it the germs of its own defeat. It was not merely suppressed by the Free Corps, it was defeated by its inherent weakness. In every instance the lack of food became acute immediately; there were no local reserves, and the strike thus proved to be a strike against the strikers themselves. It demonstrated the uncertainty of the general strike as a revolutionary weapon, the main factor being the sharp, short test of endurance between the revolutionaries and the Government. This argued careful preparation and a measure of staff work of which the Independent Socialists and Spartacists were incapable. It was fortunate for the Government that this was so, since its own preparations were little better, and, as events subsequently showed, the lesson was lost on it.

The attempt to set up a Soviet Government in Bavaria was a more serious chapter of the post-revolutionary story. Bavaria had been the first state in Germany to call up the phœnix of revolution from the ashes of a discredited Kaiserdom. In the months that followed there were two currents—the one directed by the Bavarian Socialists, the other influenced from Moscow. In between them there thrust himself a person of peculiar character, Kurt Eisner, who was destined to play a curious and tragic part. Eisner, a bulky, bearded intellectual, was the poet strayed into politics, a visionary of indifferent health, but aflame with passion and impatient of events. His dream was of a Bavaria that should be a parliamentary republic in the United States of Germany and Austria, in a socialised world of pacifism and plenty.

Circumstances had forced him to the front in the first breath of revolution, and the appearance of initial success kept him there. The Bavarian King had fled to Schloss Anif, the country house of Count Ernst Moy, and could not be found by the Government. The dynasty which had ruled Bavaria for 738 years had fallen. Particularism, finding expression in a hatred of Prussia, but innocent of any desire to secede from the Reich, had given the revolution a different direction from that which was centred upon Berlin. The Bavarians of the country, almost wholly peasant, Catholic and clerical, superstitious, monarchist and individual, were the least stable of the German races upon which to impose the new doctrine of Russian Communism. The Bavarians of the cities differed greatly. Nuremberg, with its age-long tradition of guild and craftsmanship, represented the democratic idea ; Munich was really a parvenu city with an unassimilated population only a generation or two removed from the land, into the vortex of which there had collected flotsam from Central Europe that provided all the elements for a

mob. It was a small mob, and a smaller section of it was capable of organisation, but such as it was it offered a tempting instrument to the doubtful adventurers and coffee-house poets who had flocked to the standard of the revolution.

It was inevitable that the Socialists should lose their hold and that the direction of events under the leadership of Eisner should be drawn away from their constitutional ideals. Eisner began the revolution by publishing a selection of documents from the Bavarian archives to prove, on the evidence of a Bavarian diplomatist, that Germany had plotted the outbreak of the war. This he intended as a gesture to Germany's enemies indicative of a changed spirit and also as an appeal for mild terms of peace. It brought him into conflict with his Cabinet not less than with the reactionaries and he was denounced as a traitor, the merits of the question being ignored. Under the pressure of Socialist opinion he had accepted the principle of a Constituent Assembly while really opposed to it. Though not wholly in sympathy with the principles of Bolshevism, he favoured a class dictatorship, and when his Cabinet decreed a general election for a Bavarian Constituent Assembly to take place on January 12, 1919, Eisner thought it necessary to utter a warning "lest the revolution should run into the sands of an empty parliamentarism." He was for retaining the Soviets. The opposition he encountered, coupled with a violent reactionary agitation against him personally, drove him further towards Communism. Thus supported, the Munich Spartacists met to protest against the Constituent Assembly. Eisner, however, appealed to them to support his Government in warding off chaos, and he warned them that the immediate pursuit of Bolshevism would be playing into the hands of the reactionaries. The Constituent Assembly he now accepted as unavoidable, and he refused

to assent to their recruiting a Red Guard. His appeal was listened to, but it did not prevent the Spartacists from passing a resolution that could leave no doubt as to their subversive intentions as soon as the opportunity should arise.

After a month of Government quarrels, unemployed riots, and social reforms which set the whole country by the ears, the elections for the Constituent Assembly were held. Of 280 mandates the bourgeois obtained 115, the combined Socialists 65, and of these latter only three fell to the Independent Socialists. Of the bourgeois majority, 66 mandates fell to the Bavarian People's Party, which was mildly democratic. Thus the Constituent Assembly proved that Bavaria was overwhelmingly democratic and wholly remote from any desire to experiment with Bolshevism.

As the revolution had first made itself evident in Bavaria, so the reaction also. There were already signs enough to awaken suspicion of a counter-revolution. There had been a futile *Putsch*, ill-planned and ill-executed; more serious was the movement to raise a Volkswehr, a people's force, on the model of Prussia. The movement had its origin in an agreement between the Bavarian General von Epp and Noske, the Reichs Defence Minister, and it was financed in part at least with Prussian funds. Attempts to recruit for it were at once suspected by the Independent Socialists and Spartacists as an indication that powerful forces were at work to upset the new order, and an anti-militarist demonstration was held at which Kurt Eisner was one of the speakers. Dr. Eugen Leviné, a young professional revolutionary, was another. The son of a Jewish tradesman, and born in Petrograd, though brought up in Germany, he had taken part in the Russian revolutionary movement of 1905–1908, and had been frequently imprisoned until the

time when he came to be employed during the war by the German General Staff as interpreter in the Russian prisoners' camps. From the military collapse onward he had been active in fomenting Spartacist risings. Eisner's appearance in such questionable society angered the Socialists, who already suspected him of using the Bavarian Constituent Assembly as a screen for a Soviet dictatorship. The Spartacists were equally suspicious. The Bavarian Council of Soviets declared that the decree for raising the Volkswehr must be rescinded immediately, and that the recruiting officers who were known to be counter-revolutionaries must be dismissed. The Bavarian Prime Minister, however, contented himself with promising that Soviet representatives should have the right to appoint observers in the recruiting offices. The dispute continued to agitate the revolutionaries, and ultimately the Cabinet split upon it. Thereupon Eisner decided to place the resignation of his entire Cabinet in the hands of the Diet.

This was on February 20. On the following day as he was walking down to the Diet to take the formal step he was shot dead in the open street by a young lieutenant, Count Arco-Valley, who in turn was shot by one of the guards, but was not killed. The Diet duly assembled Auer, the Minister of the Interior, opened the proceedings by delivering a memorial speech for the dead Premier, when further shots rang out and he fell wounded to the floor. A deputy named Oessel, who was sitting near him, was killed. The assailant, a butcher's assistant named Aloys Lindner, fled, but was ultimately taken and condemned to fourteen years' penal servitude.

The Diet broke up. There can be little doubt that Eisner was shot for publishing his selection of incriminating war documents. But the Independent Socialists issued a manifesto to rally the people in defence against what they described as the first step in the counter-

revolution. The various Soviets joined together as a revolutionary parliament, elected an Executive Council and an Action Committee consisting of eleven persons, and declared the Diet deposed and dissolved.

Once again the Socialists attempted the manœuvre that had served them in such good stead in Berlin ; they sought to ride the storm and direct it by entering the Government on a basis of mutual co-operation with the extremists. But this time they had not the same success. The mob in Munich, inflamed by what it fancied to be its betrayal, rapidly got out of hand. In the course of the next week Government after Government was formed, now as a coalition of Socialists, Independents, and the Peasants' Union, now as a purely Soviet Government, again as a dictatorship. The parties split ; there was no unity of action, the Socialists resigned. There emerged from the internal disputes a coalition under the Premiership of the Majority Socialist Hoffmann. It assumed wide powers, took over the control of the administrative services, and adjourned the Diet *sine die*.

Its control was not destined to remain uncontested. The Communists repudiated it at once and declared the Premier deposed. Only the fear that the peasants might starve Munich prevented them from overthrowing it by force. As the storm gathered, Hoffmann and the majority of his ministers retired to Bamberg, whence they issued a proclamation announcing that they had not resigned. There they set to work to rally to their side the peasants and such military forces as might be available. These proved stronger than they had expected, and with the support of military forces sent from Prussia and Wurtemberg they ultimately triumphed. Meanwhile a second Soviet Government was proclaimed in Munich, under the leadership of a notorious spy and adventurer named Lipp. It declared the Hoffmann Government deposed, the Press

socialised, and the Munich Soviets solid with the Soviet republics of Russia and Hungary. It sent fantastic wireless messages to Lenin, and altogether comported itself as though it were the messenger of a real revolution. The Soldiers' Central Soviet took it under its protection. Yet the Communists and Spartacists would have nothing to do with it, and in a very little while they overthrew it. Then at last the real Bolsheviks cast aside the mask, and under the more experienced direction of two Russians, Leviné and Dr. Tobia Axelrod, together with a German Communist named Levien, they proclaimed the Soviet dictatorship. Revolutionaries of various degrees of violence rallied to their standard, among them intellectuals such as Ernst Toller and Erich Muhsam, and notorious criminals and wastrels. For more than three weeks they terrorised Munich, cut off from the rest of the world, while their supporters in other parts of Bavaria raised the flag of a new revolution and attempted to reopen communication with the capital. A Red Army was formed in Munich. A general strike was declared. A revolutionary tribunal was set up, on the model of those of the French Revolution, with a notorious criminal as chief judge. Plundering was instituted in the guise of requisitioning. For nearly a month the Communists held Munich in terror.

Meanwhile, under the command of the Prussian General von Oven, the concentration of troops had begun at Ingolstadt and Regensburg, among them the *Landesjager* of General Luttwitz. Towards the end of April they were ready to be set in motion, and a gradual closing movement upon Munich was begun. The Communists, finding the supplies of the city were running short, had sent an offer of terms to the *de jure* Premier Hoffmann, who, however, refused to pay any attention to their requests, knowing as he did that they were short of both money and food,

and must ultimately capitulate. Money they could print, and they did so ; but since the peasants refused to send supplies into the city they could not spend it on food, and soon all question of relief was settled by the military cordon. By April 29 the Government troops had occupied the surrounding towns and villages, driven in the forces of the Red Army, and was holding all the main roads.

Within the city there was some rioting and looting, accompanied by acts of violence. The worst of these crimes, which had all the appearance of panic, occurred on April 30, the last day of the Communist resistance. Ten prisoners, comprising two soldiers, seven members of a counter-revolutionary association, and a professor who had strayed among them by mistake, were shot in cold blood by the order of the Town Commandant of the Communists, a man named Eglhofer. The soldiers had been captured during the fighting , the others (except the professor) were being held as hostages The Government troops entered Munich on May 1, their entry being accompanied by street-fighting and firing from houses, with summary reprisals and executions. At an early stage Eglhofer, who was held to be responsible for the shooting of the hostages, was captured and killed out of hand. A little later Leviné was taken, duly court-martialled and shot. Axelrod, who had fled into the Tirol, was delivered up and was subsequently sentenced to fifteen years' penal servitude, the death sentence in his case being precluded by the terms of his extradition. Many others of the leaders and followers were captured during the flickering fights of the next three days. By May 4 order had been restored in Munich, and the last experiment of Sovietism in Germany had come to an end. The triumph was accompanied by excesses on both sides. If the Communists murdered, so also did the Free Corps. Two fearful examples of such incidents came ultimately to

light, in the one case the execution of twenty-one members of a Catholic Working Lads' Club "by mistake," and in the other the execution of twelve workmen taken at Perlach, without the vestige of a trial and on the mere word of the local pastor to an officer who had lost his head.

This was the last of the Soviets in Germany. The Soldiers' Councils were declared dissolved, and by the end of the month the occupying forces could be withdrawn and the Hoffmann Cabinet restored. A period of reaction followed. Thenceforth Munich was destined to become the principal centre of such counter-revolutionary activities as Germany was to know.

CHAPTER VIII

THE RISE OF REACTION

GERMANY had not long to wait for the first signs of an organised reaction against the Republic. In the remaining months of the year, while the National Assembly at Weimar proceeded with its programme of legislation, the Peace Treaty had been ratified and the blockade raised. Following a general stock-taking as to the future effects of the Peace Treaty there had been an unexpected economic revival. German competition, favoured by an inflated currency, made its appearance once more in the world's markets. Slowly the resentment among the working classes at what they considered the failure of the revolution was beginning to give way before resignation. They went back to work and thought about other things. Left alone, Germany might have advanced rapidly towards internal peace as a prelude to the plan of launching a movement for the reconsideration and revision of those clauses in the Peace Treaty deemed to press too hardly. As has already been shown, these were not so much the material clauses as those which touched German sensitiveness, and chief among them were the two reserved by the National Assembly when it first accepted the Treaty—that requiring the surrender of those Germans accused of crimes in the war, and that which acknowledged Germany's sole responsibility for the war. Other clauses caused a feeling of uncertainty, such as those relating to the reduction of the Army, and the plebiscites. There was still greater

uncertainty—likely to be permanent—as to the total sum Germany would have to find as compensation to the Allies for war costs. The Reparation Commission had been set up in Paris. The Rhineland, where a movement towards separation had been fostered since the Armistice, was occupied by Allied armies and was being administered under the Rhineland Agreement by the Inter-Alied Rhineland High Commission with its seat at Coblenz. Commissions of Allied Military, Naval and Air officers for the disarmament of Germany had taken up their duties in Berlin and the chief military centres. Preparations were in progress for the plebiscites in Schleswig, Silesia, and elsewhere.

But Germany was not destined to be left in peace for the recovery indispensable to any willingness to make the best of the terms to which so grudging a consent had been given. The forces of reaction had begun to make their appearance, and they gained in confidence in proportion as the flames of Spartacus died down. The uncompromising supporters of absolutism had suddenly disappeared when with the collapse of the Army and the imminence of defeat the revolution broke over Germany ; as suddenly they reappeared when the storm had spent its first fury, and by the time the Peace Treaty had passed through the National Assembly they were themselves again. The Junkers, the dichard Conservatives, the Industrial Barons, had learnt nothing from the events of November 1918, and they had forgotten nothing of the Germany which till then had seemed so strong. It appeared to them that if they could but regain the power the rest would be easy. As for their opponents they despised them. A working man was President, a Trade Union "boss" was Chancellor, both more than a little discredited in the eyes of the masses for having allowed the Peace Treaty, with its objectionable and degrading

clauses, to be signed. Given a firm dictatorship, it should not be difficult to drive these men and their associates back into the class they belonged to, and there deal faithfully with them.

Prudence would have suggested a careful testing of the strength of the movement and at least a survey of the principles actuating it. There is no evidence that either was attempted, but there is ample evidence that reaction greatly overestimated its power and ability. There was a diversity and not a unity of motives. Only a small section at the one extreme envisaged the restoration of the Kaiser, the reinstatement of the federal princes, and a return to the old political apparatus for governing against the Socialists. At the other end were Conservatives who realised that an immediate return to the *status quo ante* was a sheer impossibility. They would willingly have co-operated with the Socialists if they could have discovered a common set of terms, and they were even prepared to see in the Socialist War Minister, Noske, the strong man they sought as dictator. Between them were reactionaries of all shades, agreed only on the negative platform of a dislike for the Republic as it stood, and a determination to get rid of it at all costs.

In the counsels of these men General Ludendorff played a leading part, though he seldom appeared in the fore-ground or ventured into publicity. Perhaps he realised that he was no longer the popular idol who stormed Liège and routed the Russians at Tannenberg, though he may not have been fully aware of the degree to which he had forfeited public confidence. Around him there gathered a group of officers and civilians, none of them in touch with the true feeling of the country. For the most part they were soldiers, deficient in the practical experience of political realities and viewing the world from the angle, as was said, of a staff officer looking at a map. They

kept Ludendorff in the background—it was their wish that he should be openly associated with their plans as little as possible—and they acknowledged as their immediate leader Dr. Wolfgang Kapp, hitherto head of a district agricultural finance office in a remote part of East Prussia. Their choice of him, as events proved, deserved to be placed beside the choice that fell upon Herr Georg Michaelis in the third year of the war

Kapp belonged to a family of *Auslandsdeutsche*, Germans brought up abroad, and, like so many of his kind, was a fanatical German patriot. Perhaps there was a touch of fanaticism in his blood, for his grandfather had fled to New York as a political refugee of the 1848 revolution and had settled there. Kapp himself had gone to the other extreme in the course of his administrative service. He had some political vision, though it was of the most extravagant kind. He had drawn up the memorandum which was the basis of the intrigue that brought down Herr von Bethmann-Hollweg, and he had been one of the chief supporters of the sink-at-sight policy of the unrestricted submarine war. Associated with him was Traugott von Jagow, who had been Police President in Berlin from 1909 to the outbreak of the revolution, and had brought the Prussian police to a pitch of ruthlessness that made them a byword in Europe. Had he possessed the qualifications of a dictator, the revolution would have given him his chance, but when the revolution came he disappeared noiselessly from office. Dictators are made of sterner stuff.

The senior military officer of the group, apart from Ludendorff, was General von Luttwitz, Commander-in-Chief of Berlin. He had raised the Luttwitz Free Corps and had been one of the chief organisers of the forces that had suppressed the Spartacists. He was a soldier of the older Prussian school, with the peculiar outlook of the

Prussian military officer. He and Ludendorff from 1919 onwards had often discussed with Kapp the possibilities of a *coup d'état*, but it was Luttwitz who, able to measure the sequence of military events at least with a soldier's eye, more than once refused to countenance precipitate action. It had needed but a sign from him and the Army would have risen against the National Assembly to prevent the signing of the Peace Treaty. Associated with him was Colonel Bauer (not to be confused with Comrade Bauer, Chancellor in the Bauer Government). Colonel Bauer, who had been General Ludendorff's Chief of Staff, was at once the brains and the evil genius of the reactionary movement. His outlook on life was in some respects almost mediæval, his political views were those of the officers' casino, and he combined both with an executive ability that knew no scruples in pursuit of its aims. His principal instrument was Captain Pabst, an organising officer of great ability, and the real founder of the Garde-Kavallerie-Schutzen-Division. Pabst missed promotion by a few weeks when the revolution broke out, and the Republican Government had refused him redress. When the order to disband the Division was issued he became the more embittered and embarked upon his career of military adventure. Nothing characterised the leaders of reaction so vividly as their choice of men.

It is necessary, however, to examine the motives of the reactionaries. On broad lines they were actuated by two sets of circumstances, the one material, the other ideal. To take the second set first, it is impossible to deny them a large measure of honest desire for the welfare of their country, and any judgment passed on them can only apply to the methods they employed. They had no knowledge of parliamentary government and no faith in it. The Ebert-Bauer Government had suffered in the eyes of the workmen; it had accepted a peace destined to bear



P. & J.

GENERAL VON LUUTWITZ
On left

heavily on labour for years to come, and it had not succeeded in obtaining a single alleviation. The more moderate among the workmen, disappointed at its complete failure to make good its promises of socialisation, were straying away from democratic Socialism into the ranks of the Independents and Communists at a moment when, if the reactionaries had been fired with a spark of political inspiration, there should have been a swing to the Right. At the time, however, the reactionaries feared that if a coalition of the bourgeois parties were set up, the workmen would overthrow it by force. It was too readily assumed that the bulk of labour was revolutionary.

Yet the Ebert-Bauer Government was evidently of the same opinion. Revolutionaries and reactionaries were declaring that the National Assembly had done its work and demanding that the Government should resign. The more intelligent officers of the old Army now embarked on a Press campaign. They accused the Republicans of having disbanded the Army from motives of fear, and thereby delivering a helpless Germany into the hands of the enemy. They discussed in pamphlets and speeches the question whether the Army could have gone on fighting at the time of the Armistice, and came to the conclusion that it could. They created an atmosphere of recrimination and reproach, the burden of which was that the Fatherland had been sacrificed by the Social Democrats for the triumph of a doctrine.

Events seemed to support them. Amid constantly recurring strikes there was a decline in production. The value of money was steadily falling. Side by side with the privations of the despoiled, a new class was making high profits without apparently working for them, to flaunt the proceeds in senseless and vulgar luxury. It is not surprising that officers, Junkers and administrators of the old regime, remote from actual contact with

economic cause and effect, felt themselves deeply affronted by these inequalities and displays. This new class of undesirables had come to the surface when the war had stirred up the lowest sediment of society which found its vocation in making profits from depreciated money. Once the technique had been mastered the process was easy, and what was needed was a Government strong enough to exercise a control so firm that the game would cease to be worth while.

The disbandment of the Army had thrown large numbers of professional officers on to a world for which they had had no preparation. There was an immediate expectation of a further 20,000 officers being dismissed and added to them. Their prospects of making a living in competition with this new order of society were the reverse of good. Even when they obtained employment, as many did, in banks and business houses, it cost them an effort to associate on terms of equality with the profiteers and their sycophants. Business was passing through a phase of ugly corruption—anybody who had an option on supplies of food or raw material could command his price. The professions were overcrowded and the soldier was not wanted. The dispossessed officers banded themselves together, at first for economic protection and subsequently for political activity. At the outset the restoration of the monarchy was not the motive of the reactionaries; it played only a secondary and formal part in their plans.

The feeling of resentment deepened as the depreciation of money progressed. The inflation of the currency was proceeding apace. The vicious circle of prices and wages had begun. Germany had made no provision for the payment of the war out of current revenue; indeed, her statesmen had deliberately avoided doing so. Having staked all on victory, insurance against defeat seemed hardly worth the premiums. Treasury bills had taken

the place of adequate taxation, and long before the war ended the burden of Germany's floating debt had become oppressive. The Government borrowed at short notice, the bills fell due, and in the absence of revenue, paper money without backing of gold or goods was printed to meet them. Fresh bills were discounted, and so the process went on. But each operation involved an increase in the amount of money in circulation, and each increase in the currency involved higher prices. The higher cost of living provoked demands for higher wages among State employees, and to meet these demands the Government was obliged to borrow on bills and print notes to redeem them. Wages in private undertakings had to be raised to the level of those paid by the State—the Trade Unions blindly insisted, and backed their insistence by the threat of strikes. The vicious circle was complete.

The process can be carried to a point at which the "money" will buy nothing. This usually begins when the holder of food ceases to supply it except in exchange for certain types of articles useful to him, but produced in diminishing quantities. It is complete when his requirements for such goods are satiated or there are no more for sale in exchange for his products. But long before that stage was reached the holders of titles to fixed revenues (from interest on bonds, mortgages, from pensions, rents, and so forth) found that though they were paid the nominal amount due to them it had a purchasing value that would not obtain for them the same quantity of food and services they had enjoyed hitherto. It had been the custom of the class from which the majority of the officers' corps were drawn to invest family money in State funds. Industrial investments were the exception, and if held were seldom mentioned or discussed. The smaller incomes—and the private incomes of those on the outer periphery of the upper classes in the old Germany

were not large—soon became inadequate to support life, and men who had felt the security of independence found themselves facing the world anew and unprepared, deprived of the background of private means. As the value of the currency continued to depreciate, so larger incomes became affected. Long before inflation had reached its maximum there was no income of this kind in Germany that had any “present” value at all. As the depreciation of money was progressive, there was no incentive to saving. The principal thing was to get rid of it before it depreciated still further, as the natural result of which the velocity of circulation began to be accelerated. Hence the impression of reckless extravagance on the one hand and dire penury on the other ; and all the time nothing being done to check either.

It was in such circumstances that groups of officers, administrators, and professional men began to organise themselves and discuss—at first academically—the prospects of summary action to stave off what they regarded as the impending destruction of Bismarck’s united Germany. Among these associations was one called the *Nationalvereinigung* (National Union), the chief organiser of which was Captain Pabst. To it belonged General Ludendorff, General von Luttwitz, Colonel Bauer, Kapp, von Jagow, many naval and military officers (active and retired), civil servants, industrialists, publicists, and politicians. Its purpose was the overthrow of the Republic, by force if other methods proved inadequate, and from time to time it held meetings to discuss its plans in principle. Societies of this kind for the academic discussion of political ideas are a commonplace of German life, usually without thought or prospect of translating their principles into action. But within the *Nationalvereinigung* was an inner circle, the leading spirit of which was Colonel Bauer, destined to be a Committee of Action.

It prepared plans for a violent assault—always as an alternative to the Government's peaceful surrender—with all the method of experienced staff officers, and it worked out, but with far less skill and forethought, the civil procedure necessary to set up a *de facto* Government when that of the Socialists and Democrats had been overthrown.

Perhaps the military element had the easier task. Also its members were drawn from the most experienced class of their profession, while the civilians were, in point of administrative status, mere minor officials. The task of the military element was to organise the physical forces upon which the reactionaries were to rely for their support and at the same time to disarm opposition. This involved an extensive propaganda among the soldiers of the Reichswehr and the Police. It was ably directed by General Ludendorff, who no doubt profited by the example of the Independent Socialists during the war. It was successful to the extent that the Reichswehr could at the very least be relied upon to give its benevolent support to the movement : while the Police, still a quasi-military armed force, could be relied upon to remain neutral. What measure of active support the Reichswehr would give to a counter-revolution was not clear. There was a new spirit in the Army which lent colour to the belief that something more than well-wishing approval would be forthcoming. The spirit of the Soviets had been rooted out of the regiments, and officers and men now formed a complete whole. It was argued that as the men would follow authority, it was sufficient to win over the officers.

The backbone of the military coup was to be the Marine Brigade, regiments of adventurers brigaded under naval officers, with men of the stamp of Captain Ehrhardt and Commander Lowenfeld in command. These forces had come into existence partly in the last stages of the war

with Russia, when German mercenaries deserting the Eighth Army at Mitau in November 1918 formed the anti-Bolshevist Iron Division, under the supreme command of General Avaloff-Bermondt, and overran the Baltic provinces in the hope of being rewarded by grants of Lettish or Lithuanian land ; and partly at the time of the revolution, when Captain Ehrhardt had founded a corps of loyal seamen for the maintenance of public order in Kiel. The corps were self-contained units formed of the toughest fighting material brought by severity to a high pitch of internal discipline, but with habits of the most truculent militarism towards the public, acquired in the course of their Baltic, Silesian, and anti-Bolshevist campaigns. The Baltic troops had been forced to evacuate Lettland, and after repatriation had found employment in suppressing Communism at home. The two corps were ready to hand, the one at Doberitz, the other at Lockstedt, within an easy march of Berlin, and thus under the chief command of General von Luttwitz. But these, with others of similar origin, being adjudged by the Allied Control officers to be in excess of the number of naval troops authorised under the Peace Treaty, had been scheduled for disbandment, and for this purpose it was intended to take them out of the command of their leaders and place them directly under the Admiralty. The officers, who had been in the closest association with their men and had perfected the spirit of their corps till it held their own personalities, were passionately opposed to this step. It angered them to the point of resistance and provided them with an additional incentive to act with the reactionaries.

In due course the reactionaries drew up their political programme. Couched in vague general terms, it was a list that any honest German of any Party could faithfully subscribe to. No doubt the same principles inspired the

Government they sought to overthrow. But politics is the art of the possible, and even the possible is not always to be instantly achieved. In brief, their proposals were : more intensive work to increase production ; the suppression of corruption for the purpose of cheapening supplies ; finance reform (which they appeared to understand least of all) ; the raising of the national moral, by which was meant the suppression of luxury , the revision of the Peace Treaty and, as a first instalment, the repudiation of the extradition clauses ; and an affirmation of " national consciousness," vaguely indicated but obviously meant as a cloak to anti-Semitism. In lengthy statements of their policy, programmes of reform which would require years of education, they begged questions at every stage of their arguments, and there was no sign that they even realised the magnitude of their demands. Meanwhile they sought by a Press campaign of the most futile character to win over wider circles of industry in the hope of replenishing their finances and drawing Labour to their side. But, apart from its psychological and technical defects, the campaign was bound to fail in its appeal. Industry, taking advantage of the low exchange to flood foreign markets with German goods, had no interest in public upheavals, and the plaints of the reactionaries against irregularities in public and private life could not wipe out the memories of the lost war and the privations of the peace, for which Labour still held the military and civilian reactionaries responsible.

Memoranda—they were an obsession of Kapp's—were prepared on the economic situation of Germany, proving with great skill of literary expression that there would soon be a breakdown in the supply of food, that coal and oil supplies were diminishing visibly, and that the reserves of raw material were on the point of exhaustion. Not one

of these things was in strict accord with the facts, though the statements held a grain of truth.

There was more to be said perhaps for their civil programme, though the men who had the responsibility and danger of carrying on the Government of a Germany that had only just escaped from severe internal struggles might be forgiven for thinking otherwise. Holding the view that the National Assembly had done its work and was no longer representative of the country, the reactionaries demanded new elections for the Reichstag. The Constitution provided that the election of a President of the Reich should be by direct vote of the whole nation ; there was reason to believe that the Socialists, in the certain knowledge that President Ebert would not be re-elected, were intriguing for the enactment of an amending law providing for indirect election through the Reichstag. The Conservatives, Nationalists, People's Party, and a part of the Centre had already approached Field-Marshal von Hindenburg as their prospective candidate, and he had consented to allow himself to be nominated. Unlike General Ludendorff, he had lost none of his popularity in defeat, and he would have swept the country. Having no faith in parliamentarism, the reactionaries further proposed a ministry of experts, which would have been in effect a return to the old Prussian system of State secretaries and the loss of one of the chief assets of the revolution—the parliamentary responsibility of Chancellor and Ministers. A fourth plank in their programme was that all further disbandment of troops should cease. One set of motives that prompted this demand—the loss of prestige and occupation on the part of the officers' corps—has been discussed above. General Luttwitz professed another, which was that the newly constituted Poland was militarily so feeble that the Bolsheviks would walk through it in the spring of that year (1920) and the

frontiers of a disarmed Germany would be at their mercy. Still another theory was that Poland was so animated by the spirit of imperialism and vindictive revenge that a Polish raid across the Silesian frontiers of Germany was inevitable.

One further step the reactionaries undertook: they sought the support, or at least the blessing, of their late enemies for their enterprise, and for this purpose they got into touch with Allied representatives in Berlin. But here they were left in no doubt. General Malcolm, head of the British Military Mission in Berlin, answered quite plainly that a movement merely to restore and maintain public order would be regarded as Germany's own affair, but that if its purposes was to overthrow the Republic and restore the Monarchy, then the Allies would oppose it. This uncompromising attitude somewhat damped the spirits of the reactionaries, though, as events showed, it had no influence on their subsequent actions.

CHAPTER IX

THE KAPP REBELLION

THE Ebert-Bauer¹ Government slowly became aware of what was going on in the ranks of the reactionaries. Noske had known of Ludendorff's propaganda in the Reichswehr and informed the President, but he had not dared to intervene for fear of precipitating the very thing it was desired to avoid. Not until the reactionaries had brought their preparations to a point at which further secrecy was impossible did the Ministers begin to receive (or at least to take notice of) reports of their own Intelligence Service to the effect that a clash was imminent. The initiative now lay with the reactionaries. On March 10, 1920, General von Luttwitz, General von Oldershausen, and General von Oven called upon President Ebert to present the fourfold programme : New Reichstag elections, a presidential election by plebiscite, a Cabinet of experts, and no more troops to be disbanded. The meeting took place at the President's palace in the presence of Noske, the Reichswehr Minister. General von Luttwitz informed President Ebert that the economic situation was becoming hopeless, and that the dangerous situation within Germany, combined with the Bolshevik menace on the Eastern frontier and the certain knowledge that the Bolsheviks would attack Poland in April,

¹ The Coalition Government is called the Ebert-Bauer Government to prevent any confusion between Bauer, the Socialist Chancellor, and Colonel Bauer, the right-hand man of the Kapp Government. The name is a very common one and is the equivalent of "Farmer."

rendered action imperative. Ebert, an experienced negotiator, discussed these points, but without assenting; the other officers, who understood less about the political demands, concentrated upon the disbandment of troops, the dismissal of officers, and especially the demand of the Allies for the surrender of the "war criminals." In the further course of the conversation General von Luttwitz adopted a blustering tone, whereupon Noske retorted that orders must be carried out. "If you use force," he added, "we shall proclaim a general strike."

This introduced a new element into the discussion, and the officers withdrew. There had been general strikes in Germany before, notably during the Spartacist risings, but they had been local and, in so far as they had been used as a political instrument, they had been directed against the Government by its opponents. They had invariably failed in their object. The general strike as a weapon in the hands of the Government to be used against its opponents was on a different plane, and even on the assumption that the Government possessed sufficient influence to bring labour out there was no experience to indicate its political effect.

The reactionaries were thus warned, though warning seemed to have little effect on them. The Cabinet expected that General von Luttwitz would resign. When it was found that he did not do so, the Ministers realised that the reactionaries seriously intended to overthrow the Government by force. If they still hesitated, it was because they felt that a false move might bring their opponents into the open and wreck the last chances of negotiation. Next day, however, Noske, after consulting with General Reinhardt, Chief of Staff at the Reichswehr Ministry, took the sudden step of ordering the removal of General von Luttwitz from his command, Reichswehr

Group I (Berlin), and appointing General von Oven in his stead.

Thereafter events moved rapidly. Reports were received from Doberitz that Captain Ehrhardt's troops were ready to march on Berlin at any moment. The Government sent Admiral von Trotha, Chief of the Admiralty Staff (nominally in command of the camp), to inspect and bring news of the preparations ; but the Admiral, who, as might have been expected, had little sympathy with the maintenance of the Republican Government, telephoned to the camp that he was coming. When he arrived the men were going off duty in a normal and orderly manner, and he was thus able to return with the reassuring report that all was quiet. Meanwhile warrants were ordered to be issued for the arrest of Kapp and his associates. They were drawn up, but were never carried out ; officials advanced every sort of objection, the police procrastinated, and the reactionaries kept out of the way. This pointed to organised obstruction ; it also gave the Government some idea of anti-Republican strength and the extent to which the ground had been prepared by propaganda. But it forced upon Kapp and Luttwitz the necessity for action without further delay.

Their plan was to seize Berlin, or at least the quarter in which the Government buildings are situated. They calculated that if they held the capital as the seat of the Government they need pay little attention to the rest of Germany. They realised, no doubt, that a revolution beginning in the provinces could not be successful unless the capital joined in, but they overlooked the equally important factor that a revolution beginning at the capital could not succeed unless the provinces followed.

In many other respects the reactionaries were ill-prepared. Neither the military nor the civilian groups had progressed beyond the stage of conversations. The

military had failed to win over the Reichswehr in Berlin, though they had had some success with provincial garrisons, and they had as yet reached no agreement with the Berlin police. The civil administration was in a still worse plight. Nothing was ready. In rebellion, as in science, chance favours only the well-prepared. Rapid and co-ordinated action in all departments is essential to success. The Kappists had not even taken the precaution to be sure of their own followers. In the National Union they had played with two ideas, the prevention of Bolshevism and the overthrow of the Republican Government, though the Republican Government was perhaps even more the enemy of Bolshevism than they were. The less prominent members of the National Union had thought only in terms of anti-Bolshevism and would have been enormously surprised had they known that the movement was really committed to military action against the Republican Government. Even the leaders had not cleared their minds as to the line of action, or they would have formed a Cabinet before advancing upon Berlin. They decided to leave it until they were in possession of the power. For some reasons, in their wilder dreams they had still expected to find Socialists ready to co-operate with them.

When, on March 12, the Republican Cabinet received the news that Captain Ehrhardt and his troops were ready to march, Noske gave orders to alarm the Berlin garrison for the defence of the capital. Guards were duly posted at the entrances leading to the Government quarter, and notices at street corners announced to the citizens that "anyone passing this point will be shot." But the action was not meant seriously. General von Oven, the new Commander, supported by the majority of his officers, took the view that Reichswehr would not fire on Reichswehr and that in any event, as the Berlin garrison was

too weak, unnecessary bloodshed would be the only result. All that could be done, therefore, was to send him to Doberitz with instructions to convince Captain Ehrhardt that the project was doomed to failure. He returned to report that his efforts had been without result, Ehrhardt's officers being more embittered than ever, and he brought with him an ultimatum which was a mere repetition of General von Luttwitz's four points. President Ebert, who now appreciated the danger, immediately called a meeting of the Cabinet. An agitated sitting which lasted half through the night ended in the only possible way. Cars were waiting in the Wilhelmstrasse, and before five o'clock the President and Ministers were on their way to Dresden, leaving behind them the Vice-Chancellor, Herr Schiffer, as *liaison* Minister. Subsequently they abandoned Dresden for Stuttgart. The Reichswehr Guards were quietly withdrawn.

At the hour of their flight the troops from Doberitz were already nearing Berlin. Reichswehr and police had now deserted the *de jure* Government, but had also decided for the time being to refrain from actively supporting the reactionaries. The brigade, marching in behind its band and flying the war flags of the German Navy, reached the Brandenburg Gate shortly before six in the morning. Few people were about at that hour, though General Ludendorff was an interested spectator. Word had been sent to the guard at the Gate that the advancing troops would not fire and would give them forty minutes to retire, after which Berlin would be occupied, by force if necessary. The answer was satisfactory ; Kapp and the other promoters of the rebellion placed themselves at the head of the troops and marched with them to the Wilhelmstrasse, the guards waving them a welcome. While the Ehrhardt troops divided to occupy the whole quadrilateral of the Government quarter from Unter den Linden to the

Leipzigerstrasse and the Tiergarten to the Friedrichstrasse, the leaders repaired to the Chancellor's palace to present their ultimatum. It was then that they discovered that President and Ministers had fled.

The quadrilateral of streets and squares had the appearance of an armed camp. Machine-guns commanded the approaches, soon to be reinforced by field artillery; aeroplanes circled overhead; in the squares and courtyards field kitchens were drawn up beside cavalry and engineers. The public at first received these manifestations with nervous silence, which, however, soon gave way to curiosity as Berlin became more familiar with the situation. A wave of Junker patriotism, not unmixed with arrogance, made its appearance and led to some ugly incidents in public places, except in a few working-class districts the old German flag of black-white-red reappeared at the windows, and emotionalism sought an outlet in throwing flowers to the soldiers as they marched through the streets, their leaders parading them at all hours as a demonstration of force. This was not without its purpose, for in the working-class quarters there was evident a smouldering hostility which showed that Labour viewed the attempted restoration with sullen resentment.

The weakness of the reactionaries was soon to be revealed in their lack of preparation. Their half-dozen different schemes were not alternatives; they were parallel views held simultaneously and dependent upon opportunity. Kapp affected to adopt the attitude of unselfishness, ready to hand over the Chancellorship to anybody who could command popular support. It was proposed that Prince Max of Baden should be made Chancellor, and Prince Eitel Friedrich (the second son of the Kaiser) President of the Reich, and that the Ebert-Bauer Government should co-operate with Kapp by accepting two portfolios in the National Assembly and

two in the Prussian Diet. There were other proposals of an equally futile character. The Ebert-Bauer Government, from its retreat in Stuttgart, flatly refused to have anything to do with Kapp, who was thus forced to form a rump Cabinet of his own. He nominated himself for the Chancellorship and appointed General von Luttwitz his Minister of War. A few other offices, both in the Reich and in Prussia, were filled by political nonentities. Utter confusion prevailed at his Cabinet meetings. General Ludendorff was invited to attend, and occasionally gave them the benefit of his advice, but he afterwards contemptuously described them as being totally bereft of method and ideas. They wearied him so much that he never stayed to the end. However, in respect of proclamations at least, the usurpers made up for their previous neglect. Soon the street corner pillars were plastered with their placards, while aeroplanes cruising over Berlin dropped leaflets which were really nothing more than appeals for public forbearance towards a Government of inexperienced men. Indeed, inexperience was its chief characteristic. It had made no financial preparations, and speedily found itself without money to pay the rebel troops. In its innocence it despatched a mission of officers to the Reichsbank to demand cash at the point of a revolver. It had no plans for a levy or taxation or requisitioning. All it seemed concerned to do was to defend itself against the accusation made by the working-class leaders of Berlin that it had come to restore the monarchy and reimpose conscription.

Among Kapp's proclamations was one decreeing the dissolution of the National Assembly. But the President of that body, Herr Fehrenbach, had already joined the Government at Stuttgart, and he summoned it to meet there on March 16. Some two hundred deputies managed to get through in the face of great difficulties.

The Ebert-Bauer Government had acted wisely in leaving Dresden for Stuttgart. The news from the Prussian provinces showed that the support given to the Kappists varied very considerably. Only Silesia, the Mark of Brandenburg, and part of East Prussia could be said to have followed the rebellion with any degree of whole-heartedness. But the rest of Germany was uncertain. Pomerania and Mecklenburg wavered. Wurtemburg and Baden practically ignored the rising. Saxony, owing to industrialist propaganda, was doubtful. At Dresden, General Macrcker stated that the Reichswehr troops stationed there would uphold public order, but would undertake nothing against the old Government, and similar declarations were made by the commanding officers at Cassel and Munster. Here and there the prefects and sub-prefects, under pressure of local military commanders, issued proclamations announcing the deposition of the Ebert-Bauer Government and the substitution of Kapp's dictatorship. Though it is impossible to say how many supporters the rebellion had among the official class, it is quite certain that it had very few sympathisers indeed among the working-class population.

Had it been otherwise, the threat of meeting the rebellion by a general strike could not have been carried out. At this stage the great majority of the working classes, though sadly disillusioned as to the "fruits of the revolution," were still ready to follow the direction of their Trade Unions even in political matters. The great majority of the Trade Union leaders were Socialists, moderate or extreme, or they were Communists, or they belonged to the Christian Unions of Western Germany and voted with the Centre Party. As soon as the Government from its seat in Stuttgart summoned the National Assembly to meet there, the Socialist members of the Cabinet, with the support of the Socialist deputies and

acting through the Trade Union Federations, proclaimed a general strike. It was from the outset in dispute whether the strike could be regarded as an act of the Government ; indeed, it is difficult to see how the Government could regard itself as empowered to issue the proclamation. This could only have been the function of the Trade Union Federations. On the other hand, there can be no doubt that the Ebert-Bauer Government instigated the strike, and to that extent it was responsible. Though justified by its ultimate success, the strike had two evil consequences. It inflicted great hardship upon the friends, as well as the enemies, of the *de jure* Government, and it created a precedent for fighting one kind of disorder with another. It forced upon local administrators everywhere this dilemma : either they maintained order (as was their duty), opposed the acts of the *de jure* Government and allied themselves with the revolutionaries, being thereby guilty of high treason ; or they supported the general strike, being thereby guilty of promoting the very disorder it was their duty to suppress.

It may be doubted, however, whether on either side the consequences were logically thought out ; passions were running too high for that. The effective manner in which the strike was carried out in Berlin, though eloquent of the power of the Trade Unions, was a strange commentary on the weakness of the revolutionaries. Water, gas, electricity, railway and tramway services, were cut off at a stroke. Transport ceased except under Trade Union permit (nominally in the interests of the working classes) regulating the delivery of food supplies to the distributing agencies.

The life of the capital was paralysed, and it became clear that the Kapp administration could not continue. Even sympathisers were soon heard to say that the regime of Ebert and Bauer had been bad, but this was

impossible. On March 15, two days after its coup, Kapp's Government was already showing signs of collapse ; while from the Prussian provinces and some of the Federal States news of clashes and disorders was constantly being received. Serious affrays involving loss of life occurred in various cities, often as the result of panic and misunderstanding. In Western Germany the Spartacists were seizing upon the call to a general strike as a pretext for furthering their own revolutionary aims. Two days after Kapp had arrived so triumphantly in Berlin he was seeking the mediation of General Maercker to patch up an arrangement with the Government at Stuttgart. Strangely miscalculating the position, he drew up a list of terms : new elections ; a direct Presidential election ; the Chancellor's office to be combined with that of Prussian Premier ; the resignation of the Ebert-Bauer Government ; a Cabinet of experts ; a second Chamber ; amnesty for political offences ; the recognition that Kapp and his associates had acted in good faith in the defence of the Constitution ; and a joint denunciation of the general strike. They might with more reason have found a place in the ultimatum of a conqueror.

The Government had meanwhile issued a proclamation, signed by Ebert and Bauer, condemning the rebellion, calling for the support of the public, and announcing their intention to oppose with all available force the assumption of power by the insurgents. When General Maercker arrived at Stuttgart with Kapp's terms they flatly rejected them. The General reported to Berlin that "it was like talking to a wall." Kapp thereupon threatened to coerce the strikers and throw the odium for bloodshed upon the Government ; while his lieutenants, under the pretext that Jewish industrialists were supporting the strike committee with money, began an anti-Semitic agitation which brought Berlin desperately near to a

pogrom. But the Government stood out for complete abdication and unconditional surrender of the Kappists, refusing to recede before either threats or persuasions. They perceived that disintegration had begun and that the strike had already done its work. At this point Herr Schiffer, the Vice-Chancellor, offered to mediate. His first step was to demand the resignation of both Kapp and Luttwitz, while holding out prospects of an amnesty. It meant capitulation, but Berlin was on the verge of anarchy and Kapp lost his head. Under pressure from the officers of the Reichswehr and police, and against the appeals of von Jagow and the other civilians, he assented, declared that he had been misunderstood, and fled to Sweden. It was an undignified ending. A strange confusion developed in the Chancellor's palace. The Reichswehr and police officers met in conclave, and General von Oven, supported by General Heyne (afterwards Commander-in-Chief of the Reichswehr) challenged General von Luttwitz as to his following. When it came to the test, it was found that, beyond Captain Ehrhardt and Commander Lowenfeld and their subordinates, barely half a dozen officers in high command were prepared to support him. Thereupon he also accepted the inevitable and resigned, giving as reason his desire to avoid further violence.

This left Colonel Bauer as the sole remaining Kappist authority. Accompanied by Captain Ehrhardt, he informed Herr Schiffer that Kapp and Luttwitz had gone. To conceal their weakness from the people the remaining Kappists circulated a report that Kapp had come to an agreement with the late Government, and meanwhile, through the columns of *The Times*, Colonel Bauer appealed to the Allied Powers for help. It was an appeal *ad misericordiam* and was, of course, without the slightest effect. The extent of its sincerity may be measured by the fact

that he was simultaneously engaged in negotiating with the Communists for a Red rising in Berlin. Gradually his troops lost control in the streets, and there were frequent collisions between them and the populace.

Herr Schiffer was now able to inform his colleagues of the Ebert-Bauer Government that the Kappists had surrendered unconditionally. There was a general *sauve qui peut* among them, only Ludendorff standing his ground. General von Seeckt, the "strong, silent man" of the Reichswehr, who in the war had earned the nickname of "the Sphynx in the Eyeglass," took over the chief command of the Reichswehr, and in this capacity peremptorily ordered Ehrhardt and Lowenfeld to withdraw with their troops from Berlin. They obeyed, but the march out was signalised by an incident the callous brutality of which was illustrative of the Free Corps' temper in defeat. Feeling had been running high among the working classes at the truculent behaviour of the Ehrhardt troops during their five days' sojourn in the capital, and when it became known that they were to march back by the way they had come, a crowd of many thousands assembled in the Pariser Platz and at the head of the Wilhelmstrasse to speed their departure. The troops, already embittered by their failure, became further enraged when large groups of working lads in the crowd set up a shrill whistling, which is the German equivalent for hooting. As the last of the rear-guard passed under the Brandenburg Gate the tail of the column swung round and, acting under orders, deliberately fired into the crowd at point-blank range. Panic ensued, many persons being killed or wounded.

The Ebert-Bauer Government, having thus succeeded in asserting itself as against the rebels, judged it wise to make concessions to that section of public opinion which had made the rebellion possible. It was agreed that new

elections for the Reichstag should be held in July, that the President should be elected by the direct vote of the electorate as provided in the Constitution, and that there should be a reconstruction of the Cabinet as soon as possible. The Socialist deputies declared the strike "called off" as from midnight of March 20, and the Government returned to Berlin.

An appeal was issued to the workmen to return to work without delay. The strike, indeed, had shown signs of breaking down spontaneously before it was officially terminated. Evidently the general strike as a political weapon was governed by a very definite time-limit, and it is possible that the Kappists, had their preparations been better and their cause more sound, might after all have held on and won the day. With no more than four days' supplies in the city, Berlin was within sight of starvation when the Kappists threw in their hand. But once the rebellion was defeated and the danger of reaction banished for the time being, Labour refused to resume work without some material inducement.

The Trade Union leaders, had they known what to ask for, might have had their own terms, the Government being solely concerned with getting the strikers back to work and away from the lure of Bolshevism, always strongest in times of idleness and dislocation. Whether by foresight or stupidity, however, the strike leaders merely gratified the vanity of the doctrinaire Independent Socialists by putting forward all the old catch-words of the revolution for socialisation and reform. Even their demand that those who had supported the Kappists should stand their trial had no practical value; the insurgent officers of the Reichswehr, some 750 in number, simply refused to be tried. After a show of bargaining the Government accepted the terms, to the chagrin of the Communists, who had hoped to exploit the strike in

Berlin as they were exploiting it in the Ruhr. The remnants of the disorder which had followed in the wake of the general strike in and around the capital were repressed with grim severity, the Reichswehr showing towards the defenders of the Republic a hostility in strong contrast to their tolerant attitude towards the Kappists. The sole success of the strikers was that they secured the resignation of Noske from the Ministry of Defence, their revenge for his vigorous suppression of Spartacism.

The Ebert-Bauer Cabinet, realising that a very large body of moderate public opinion was against it, resigned on its return to Berlin. The National Assembly met once more, passed the promised Bill for a direct Presidential election, and cleared up the outstanding financial legislation. No serious steps were taken against the majority of the Kappists, as it was feared that this would merely lead to further bitterness. Only a few sub-prefects were dismissed and their posts filled by Socialists. Nor was any attempt made to get rid of the reactionary officers of the Reichswehr, and the talk about democratising the Army was seen to be futile when it was realised that the officers' corps felt strong enough to oppose interference. Later on, in the following August, an amnesty law was passed for the benefit of all but the actual instigators. On the other hand, a great deal of summary justice was meted out to those who had opposed the Kappists and had thereby come into collision with the Reichswehr. For them there was no amnesty.

Leniency was perhaps misplaced, for further plots against the Republic were begun even before the rising was well over. But there were other and more urgent matters needing attention. The Communists, under the direction of Russian Bolshevik agents, seized the opportunity to promote a revolt in the Ruhr. They had shown their hand at the very beginning of the Kapp adventure,

and Kapp himself had requested the occupation authorities to permit Government troops to enter the Rhineland in order to surround the area ; however, the request was refused. The Red front extended right across from Essen to the Lippe, numbering some seventy to eighty thousand men crudely organised into ragged regiments and scattered about in the villages. For the most part they consisted of boys and old men, who were hastily formed into units as required. As fighting material they were beneath contempt, and it was a crime to pit them against professional troops. But the "Red Army" was armed with rifles and machine-guns, well supplied with ammunition, and it possessed a commissariat and Red Cross nursing organisations of dimensions which earned it the nickname of the "Red Cross" Army. Its headquarters occupied the town hall of Essen, whence relays of glib-tongued Communist orators visited the ranks to keep up the spirits of the deluded followers. It was soon confronted by Reichswehr and irregulars, largely Bavarians, in strength which could have left no doubt as to the issue. There was a long period of skirmish, raid and counter-raid, but no sooner had the "Red Army" formed a front than the "Noskes," as the Government forces were called, attacked in force. The disparity in armaments alone was too great, and the "Reds," in a mixture of panic and fanaticism, suffered heavily. In the drive which followed, the Reichswehr were manœuvred into violating occupied territory, and as a penalty for this French troops temporarily occupied the city of Frankfort. The Communist rising lasted until April 6, and it also was followed by a series of terrorist trials and courts-martial. The most striking feature of the period that followed the rebellion, however, was this : the efforts to promote the recovery of economic life and the reconstruction of industry were resumed the moment order was restored. It showed the strong reserves

of energy, determination, and discipline that still lay behind the sham front of agitation. Well might it be remarked at the time that Germany had never had a revolution, but only a counter-revolution.

Though the Republic had been successful in defeating the attempt of Kapp and his associates to compass its overthrow, it had revealed the insecurity of its own foundations. Events had shown that there was opposed to it a strong, powerful, and cohesive body of educated public opinion, willing under the right circumstances to take every risk and having at its disposal the means to do so. It was not afraid to come into the open, and if it sought its ends for the time being by the methods of parliamentary opposition, it had at least given proof that it would challenge the Republic in the field at the first favourable opportunity. Both in the universities and the higher schools the Kapp rebellion found support, and the suspicion that the education of the German youth was almost wholly in the hands of reactionaries became a certainty, boding ill for the future security of the Republican State.

CHAPTER X

THE REVIVAL OF MILITARISM

ALTHOUGH the forces of reaction had been routed in the first trial of strength, the contest was without its influence upon the Republicans, who were thus forced to the realisation that they were not strong enough to govern against the wishes of any large section of public opinion. The Ebert-Bauer Government made way for a new interim Government formed on March 27, 1920, by the Majority Socialist leader, Hermann Muller, with the co-operation of the Centre and Democrats. It was elected for the express purpose of carrying out the concessions made by the late Government in the course of the negotiations which had led to the collapse of the Kapp rebellion. These involved the dissolution of the Free Corps and *Einwohnerwehr* (Citizen Guard) and also a general election for the new Reichstag. A direct election for the Presidency of the Reich should also have followed, but owing to the technical difficulties it was agreed not to press this for the time being. The dissolution of the irregular forces, which had manifestly become a danger to the State, was enacted by decree, and some attempts at disbandment were actually undertaken. A few Free Corps troops were demobilised and settled on various landed estates, especially in Prussia and Mecklenburg, where it was proposed to employ them as Labour commandos, with a view to their ultimate absorption into the rural population. Whether by accident or design, they were for the most part assigned to reactionary landlords

who kept them together under their officers in quasi-military formation. In most cases they retained their arms, usually they were exercised in military drill; while discipline was maintained on the lines of the old Free Corps, by means of intimidation, brutality, and even murder. As for the *Einwohnerwehr*, the citizen force that had so lamentably failed the Republic at the first appearance of reaction, its leaders took little account of the decree and preserved its organisation intact.

Having thus served its purpose in so far as it was able, the Muller Government convened a final sitting of the National Assembly and then resigned, leaving the way clear for the Reichstag elections. These, held on June 6 after an intensive campaign, again reflected the dissatisfaction of the country with even the moderate Socialist regime that had followed upon the failure of the revolution. Although the Socialists polled by far the largest number of votes, they lost ground considerably as compared with their strength in the National Assembly at Weimar, and could not have formed even a purely Republican Cabinet if they had desired to do so. However, they deemed it wiser to hold aloof, and so it fell out that a Coalition Ministry was formed on June 20 consisting of the Democrats, a definitely Republican Party, the Catholic Centre, only a section of which had any republican convictions at all, and the German People's Party, largely composed of the smaller industrialists, and by its programme avowedly monarchist, supporting the Republic merely for purposes of convenience—that is to say, until such time as it should be convenient by constitutional methods to re-establish the monarchy. This Coalition Ministry was formed by Herr Fehrenbach as Chancellor. One task in particular, to the practical exclusion of all others, lay before it—namely, the establishment of some workable understanding with the Allied

Powers in the matter of the payments to be made by Germany as reparations under the general terms of the Treaty of Versailles. As this was likely to involve direct contact with Allied statesmen, Dr. Walther Simons, an eminent jurist and a permanent official, had been selected for the office of Foreign Minister, on the strength of his reputation as a negotiator. The office of Minister of Finance was given to Dr Joseph Wirth, who had attained to some prominence as Professor of Economics in Freiburg and as Finance Minister of Baden.

The shadow of coming events foreboded a stormy period for the Fehrenbach administration. Since the signing of the Peace Treaty the question of reparations had been almost continuously under discussion in a series of conferences between the Allied statesmen. At the Conference of Boulogne a preliminary estimate of the payments it was hoped to receive from Germany had been drawn up, and this had been communicated in broad outline to a German delegation at the Conference of Spa, held from July 5-16, 1920. At this Conference a programme for the German fulfilment of the Peace Treaty had been elaborated not merely in respect of payments, but also in regard to German deliveries in kind, the disarmament clauses, the trial of war criminals, and so forth. The actual financial problem was referred to an international committee of experts, which met at Brussels on September 24, 1920. Its terms of reference implied a thorough survey of the financial situation of all the combatant states of Europe, and it is probable that if it had had a free hand it would have made a contribution to the settlement of the reparation question which, coming at this stage, might have altered the whole course of the negotiations and saved both Germany and the Allies a great deal of needless recrimination. The delegates at Spa were on the right track ; to have pursued the same ends at Brussels might

have led straight to a solution. Unfortunately, French economic opinion which supported it did not fit in with French military aspirations, and it was in deference to the latter that the Brussels Conference abstained from any specific discussion of the reparation problem or the formulation of any definite plan. Nevertheless, the first Brussels Conference performed a task which at this period was seen to be of priceless and permanent value to Europe, in that it laid down the lines upon which alone the restoration of public finances would be possible. It postulated that Budgets must be properly balanced, with due economy in estimates and expenditure, especially upon armaments, and that there must be both increased production and taxation reform. It recommended as an urgent necessity the consolidation of floating debts and a return to the gold standard at the earliest possible moment consistent with public safety. These recommendations were particularly urgent in the case of Germany, where the war had been financed on the speculation of victory, the floating debt allowed to increase, the currency inflated, and the taxes reduced to an absurdity ; where also a vast army of redundant officials was really adding the cost of an unofficial pension list to an already overburdened Budget. The recommendation of the Brussels Conference that production should be increased was due to the recognition that the world was desperately short of essential commodities, though less attention was paid to the fact that there was everywhere also an absence of purchasing power. Indeed, while the Brussels Conference was working out the salvation of Europe on these lines, other conferences acting in the name of peace were diligently Balkanising Central Europe with new frontiers, based on the deceptive principle of self-determination, behind which the newly established nations were framing schemes for developing highly protected industries. Under

the influence of the lingering war psychosis each imagined that security might be founded upon organised manufacture behind tariff walls and backed by an Army financed from the revenue of protective duties. It was an illusion. Unconsciously they were also creating vested interests which, once established, could not easily be ignored.

A second Brussels Conference, for the purpose of consolidating the work of the first, was held at the end of the following December. It added little to the results already achieved, but in the meantime the French financial expert, M. Seydoux, had evolved a plan for the payment of reparations which, though not conforming to German estimates, was at least regarded by competent German economists as a possible basis for an arrangement acceptable to both parties. It was calculated not merely upon the requirements of the Allies, but also on the capacity of Germany to produce, a factor till then consistently overlooked in France. It seemed as though two schools of opinion were contending for mastery in France, the one having in view the maximum payments from Germany for the damage done in the war, the other aiming at the future security of France by the method of impoverishing Germany. Thus crudely stated they were mutually exclusive, since a Germany capable of making the large payments contemplated must be commercially successful and (since payment could only be made from surplus products) must flood France with German manufactures, to the prejudice of French industry. Thus Germany must soon regain the economic strength which was hers in the years before the war. Alternatively an impoverished Germany might be incapable of attacking France, but could not seriously contribute to the reconstruction of the devastated areas, to say nothing of compensation in other forms, and after all might become

a forcing ground for Bolshevism. French industrialists, however, showed that they had no interest in receiving payments of reparations in kind which would compete with their own products, while German offers to send men and material into the devastated areas to take reconstruction in hand were objected to on both industrial and sentimental grounds. In framing his solution M. Seydoux took all these matters into consideration.

It was perhaps unfortunate that the German memoranda at this stage had the appearance of being little else than specious reasons why Germany should not pay. Their effect was shown when the Paris Conference, held at the end of January 1921, was summoned to debate the new terms to be placed before the German Government. It had been confidently expected in Berlin that the Seydoux plan would form the basis of the Paris terms, and great surprise was therefore expressed when it was found that the French Finance Minister, M. Doumer, by calculating the reparation programme solely with an eye to French requirements, had completely abandoned it.

The Paris terms were made known on January 29. They were designed to afford a basis for the conference to be held in London during the following month, to which the German Government was to send a delegation. The scheme placed the amount of reparations at 226,000 million gold marks, payable by instalments spread over forty-two years from May 1, 1921, plus a 12 per cent tax on German exports. It also included demands that the disarmament of Germany should be completed ; that the Reichswehr should be reduced to 100,000 men, as provided in the Treaty, and the *Einwohnerwehr* and Security Police disbanded ; that the remaining naval and air clauses of the Treaty should be fulfilled , that the number of guns in the armament of the fortresses on the German-Polish frontier should be reduced to the stipulated 420

(instead of the 1260 claimed by Germany) ; and that the German armament factories should be reduced to a peace footing by the removal of certain special machinery. Should Germany fail in any of these financial or military measures, the Allies threatened as penalties : an extension of the period of the Rhineland occupation ; the occupation of the Ruhr and other German territory ; the seizure of the German revenues in the occupied area , and the permanent exclusion of Germany from the League of Nations.

Although the severity of the terms and the alternative sanctions came as a shock to Germany, the Government of Herr Fehrenbach from the first regarded the Paris terms as a matter for discussion, and the Finance Minister, Dr. Wirth, declared in a public speech that the German delegation had no intention of going to London to be dictated to. Public opinion in Germany, growing more and more reactionary, was moreover greatly incensed at the Allied demands for the completion of disarmament, to which the Government was forced to offer the utmost resistance. Yet it certainly could not be maintained that German disarmament was in any respect complete. Naturally a great change had come over the military position of Germany as the result of the disintegration of the old Army at the close of the revolution. But no German Government, even when seriously faced with a demand for organised and permanent disarmament, dared show the slightest sign of willing compliance.

On paper it appeared that German disarmament had been carried to a degree that definitely ruled out any possibility of active aggression in Western European politics. By a law of December 30, 1920, the Army had been legally constituted as a professional force of 100,000 men, with the officers sworn in to twenty-five and the

men to twelve years' service. To prevent *Krumpcrism*¹ (the rapid passing of recruits through the ranks, so as to create the largest possible reserve) the number of discharges in any one year was strictly limited, temporary volunteering was prohibited, and it might have been thought that the provisions of the law had ensured that, while Germany should have an Army sufficiently large to put down internal disorder or hold the Eastern frontiers, no German Government would be able to embark upon any military adventures which could imperil the peace of Europe. But from the outset the Reichswehr Ministry, with the tacit connivance of the Minister of Defence, set itself to keep (where it was unavoidable) to the letter of the law while clinging tenaciously to the spirit of militarism. In this it had the support (coupled with expert criticism) of the ex-officers of the old Army. The several companies of the Reichswehr regiments were each charged with the traditions of some former regiment, a step that inevitably suggested cadres for expansion. The proscribed Great General Staff was revived under another name, and the head of the Reichswehr, General von Seeckt, was openly given the title of Commander-in-Chief. Largely on the model of the British Army, as the most experienced professional Army in the world, an intensive system of military training was instituted. The easy-going society life of the German officer disappeared with the casino; officers were rigidly selected for proficiency and were enabled to live on their pay. The men were selected by standards unknown in the conscripted armies of pre-war days; the Federal armies were abolished (to the disappointment and disgust of particularist Bavaria) and the organisation was given a high proportion of

¹ Krumper—a German military slang term, really meaning "Not fit for active service." Schainhoist (1756-1813) first used the method of drafting out men in large numbers so as to create a secret reserve of trained troops.

non-commissioned officers, namely, one to every five men. Barrack space was retained that seemed excessive for so small a force. Discipline was extraordinarily severe, and the number of military suicides was out of all proportion to that of the civil population. In spite of assurances to the contrary, the Reichswehr secretly passed large numbers of volunteers through the ranks for the purpose of creating a reserve, in flat defiance of the Peace Treaty provisions. It looked as though the touch of a bell-button in the Ministry of Defence might bring into existence a formidable Army, organised and officered on the old lines.

As a reserve background to the Reichswehr, Germany had devised a force of police which, from the nature of its organisation, was very reasonably regarded as an *élite*. The status of police in Germany had been laid down in the Boulogne Note of June 22, 1920. At that time the duties of police were being performed by a Prussian force known as the "Security" Police, a purely military body originally formed from the Free Corps, the chief condition of enrolment being actual fighting service in the front line during the war. The Security Police were self-contained infantry units, housed in barracks, with headquarter staffs in Berlin, Munster, Cassel, Magdeburg, Breslau, and Konigsberg. Each division had its technical units, armed with field-guns and mine-throwers. It is not surprising that the Allies regarded them as soldiers and peremptorily demanded their disbandment. Apart from this Prussian force there were some twenty other police forces in the Reich, as well as countless special bodies, because local authorities, whenever they felt more than usually insecure, immediately set up police units of their own. Under the terms of the Boulogne Note, Germany was allowed 150,000 uniformed police (of which 85,000 were assigned to Prussia). They were to be decentralised, and if in barracks were not to be formed into units. They were

to be allowed a rifle to every three men, a machine-pistol to every twenty, and an armoured car with two machine-guns to every thousand men. The Germans had accepted these terms, but by a more than generous interpretation of their positive side they had developed a fine force of *élite* troops, organised in companies, rendered highly mobile by motor transport, and altogether a very useful addition to any army.

As a third line Germany had at her disposal an armed citizen guard—the *Einwohnerwehr*—the precise military value of which was doubtful, but in any case in excess of Treaty strength. The disbandment of this force had been demanded by the Allies after the Kapp rebellion, and the Government had passed a decree, dated August 23, 1920, formally abolishing it. The order was gradually complied with in Prussia, where the *Einwohnerwehr* was only locally organised, but Bavaria declined to obey and continued to develop its force for a long period subsequent to the dispatch of the Note. The Bavarian force had its origin in the decision, taken by the Bavarian Government, when in flight at Bamberg during the Munich rising, to form a Volkswehr in opposition to the Red Guard. From the first the Bavarian *Einwohnerwehr* enjoyed official sanction, and the Government did its best to get the workmen to join it. It was highly organised by districts, which elected their own chiefs, and these in turn elected a Commander-in-Chief, their choice falling upon their most prominent leader, Dr. Georg Escherich—hence the second title of the force the Organisation Escherich, or Orgesch. Escherich's original plan was to extend the Bavarian system to the entire Reich, including Prussia, the view prevailing in Bavaria that Prussia, in the hands of Red Socialists, was on the verge of anarchy and could only be saved by Bavarian intervention. Its strength was uncertain, but the Bavarian Secretary of State, Dr.

Schweyer, on April 13, 1921, estimated it at 320,000 men, with 240,000 rifles, 2780 machine-guns, 44 field-guns, and 34 mine-throwers. Escherich claimed to have taken Ulster for his model. Bavaria, after its experience of the Communist rising, was suffering from nerves, and asserted a right to special treatment on the ground that any sign of physical weakness would result in a return to Bolshevism. But Bavaria has always seemed a little remote from the affairs of Europe and more than a little backward in its estimate of current political forces.

Although the Free Corps—Ehrhardt, the Iron Division, Löwenfeld, Rossbach, Aulock, Oberland, and the rest—had been ordered to be disbanded, the Reichswehr authorities retained them as units scattered about Prussia under the collective name of the “Black Reichswehr.” Its excuse for their retention was that it required their services as labour commandos in the process of demobilisation. These men were the toughest type of fighting troops imaginable, and would have formed the back-bone of excellent storm-troops in the event of hostilities. Associated with them were numerous societies, largely composed of ex-soldiers banded together and used for recruiting young men who could be put through a form of rapid military training so as to form a further reserve. These societies, which went by such names as Steel Helmet League, Olympia Sport Association, Viking Society, Blucher Union, Bismarck Union, Young German Order, and so on, were estimated to have a total membership of at least three-quarters of a million. Accurate figures, however, have always been difficult to obtain.

The Allied statesmen very naturally asked the question why Germany required this reserve of military force, the more especially since great reluctance had been shown in complying with the naval disarmament clauses, and

constant transgressions were being made against the agreed regulations governing the manufacture of aircraft. That Germany could contemplate a military adventure in the west seemed out of the question. For one thing, German sea power, but for a coast-defence Navy, had been completely broken for the time being, and a great war was impossible without it; while factory control by the Inter-Allied Commissions was considered to preclude any possibility of the organised manufactures necessary to the serial construction of submarines and torpedoes. The alternatives were that the force was required for the suppression of a Bolshevik rising at home or for a military adventure in Eastern Europe for the recovery of territory that had been assigned to Poland. Nobody took the rumours of a great Bolshevik rising very seriously. Bolshevik disturbances on a greater scale than those of the previous eighteen months were unlikely, and experience had already shown that the police were capable of dealing with them unaided. Besides, it was an open secret that traffic in arms between the Bolshevik military authorities in Russia and the German Reichswehr Ministry was going on, and that the Bolsheviks were organising in Russia the manufacture of arms and munitions of war under the inspection of German specialists for importation into Germany via Stettin and Hamburg, with the connivance of the highest authorities in the Reich. The Socialists were nominally in favour of complete disarmament as a protest against the civil war of Communism and the violent methods of the monarchists, and they were opposed in principle to the declaration made by Lenin in 1910 that "disarmament should be removed from the Socialist programme, because without arms capitalism could not be overthrown." But this did not prevent them from tacit connivance at the collusion between the Reichswehr and the Bolsheviks, or the

formation of further Free Corps, to embarrass the Entente. Of the moral disarmament of Germany there was no sign. The troops themselves appeared to think they would be required for use against Poland in an effort to prevent the alienation of further German territory in the Silesian plebiscite and to win back the territory lost to Poland by the cession of Posnania and the Danzig corridor. It may at this point be considered whether the decision by which Germany was forced to set up a professional long-service army instead of a short-service local militia was altogether well advised. Militia is at best adapted for home defence, but a highly trained professional army is of its very nature a weapon for assault and attack. German sentiment had no desire for a professional army, the view being held that German tradition required an army identified with the people. This was not strictly accurate, the democratic conception of the German conscript army being quite a modern thing.

The German Government had been invited to send a deputation to London for March 1. The invitation was accepted, and a large staff of negotiators and experts, with General von Seeckt as their military adviser, attended. The principal German delegate, Dr. Simons, was politely heard ; but the counter-proposals he put forward were so remote from anything in the minds of the Allies that they carried no weight whatever, the more so since they were hedged by the condition that Germany should retain Upper Silesia. Since the Allies were not only bound by the Peace Treaty, but also pledged to Poland, the condition was out of the question, and the London terms were presented to Germany, much as others had been presented in Versailles—namely, that Germany must accept them or take the consequences of their rejection. As a sort of earnest, French and Belgian forces occupied the three Rhineland industrial towns of Dusseldorf,

Ruhrort, and Duisburg. As for Upper Silesia, the matter was soon in the way of settlement by plebiscite.

The province of Upper Silesia, of mixed Polish and German population, partly rural and partly industrialised, had been selected for a test by popular vote to settle what part, if any, should be detached from Germany and assigned to the new state of Poland. The conditions of the country were peculiar. Large areas, even after generations of German rule and enforced Germanisation, had remained obstinately Polish in feeling, though in some districts the pure Polish language had become watered with German expressions—as is usually the case in frontier districts. The rural population was very largely Polish-speaking, the industrial towns, the centres for the business of the mining and metallurgical industries scattered about the industrial triangle, were German in appearance and largely also in speech. Most of the urban population were bi-lingual. In the mines the administrative offices were in the hands of Germans as far down the scale as the foremen, with the bulk of the semi-skilled and unskilled labour Polish.

Both in Germany and in Poland the plebiscite had been preceded by a propaganda campaign that left nothing to the imagination, while on the spot even more direct methods of appeal were freely resorted to. Provision had been made for outvoters, and trainloads of Germans who were discovered to have local associations were transported free to Upper Silesia to record their votes, their progress across Germany being accompanied by displays of impassioned rhetoric, the music of brass bands, and large-scale demonstrations at the railway stations. The Poles also summoned their outvoters from Germany, who travelled perforce with less ostentation. The situation was naturally reversed when the German voters arrived in what were manifestly Polish districts, and a good many

complaints were made of acts of terrorism on both sides. It was as though both had mutually agreed to mob and bribe as in an old English election. The Allied Governments sent some 30,000 troops (of which about 7000 were British) into the plebiscite area to hold the balance between German and Pole. In due course the vote was taken in comparative peace in what was probably as clean an election as could be hoped for in the circumstances.

The result was not what either side had anticipated. In the whole area the Germans polled 717,122 votes, and the Poles 483,514. In respect of communes, 664 showed a majority for Germany, and 597 a majority for Poland. It was therefore assumed in Germany that the majority must override the minority and the whole of Upper Silesia must fall to Germany. The purpose of the plebiscite, however, was not to decide the fate of a province as a whole, but to construct a frontier that should provide a reasonable barrier between those areas that were definitely Polish and those that were definitely German, and it was thus inevitable that sooner or later these high hopes of the Germans, based as they were on a totally false assumption, must suffer disillusion.

Concurrently with the plebiscite in Upper Silesia, though wholly unconnected with it, a further Communist rising broke out in the Prussian province of Saxony, centreing upon Halle and the industrial district around Merseburg. After the suppression of the Ruhr outbreak that developed in connexion with the Kapp rebellion, both Communists and police had immediately begun to reorganise, the former for a renewed attempt, the latter in the direction of preventive measures. The police began by arresting all the known Communist leaders in the Ruhr ; the Communists turned their attention to the Halle district, which had for a long time been one of

their electoral strongholds (they had 204,000 voters, as compared with 71,000 Socialist voters and 76,000 Independents), and began to exercise their influence upon the industrial workers of the whole of this part of Central Germany. At the same time they made efforts to extend their propaganda in other districts, especially Hamburg, Berlin, the Ruhr, and industrial Saxony, with a view to provoking a general strike and a new revolution. This time each move they made was met by a counter-move on the part of the police, who had now, after many failures, learnt their lesson. The movement was isolated, all attempts at communication between districts being frustrated. Thereby the rising was localised and suppressed piecemeal. But a more important factor in its defeat was the attitude of the German workmen towards it. Recognising that this was the work of Russia once again—though the full treachery of the Bolsheviks was still concealed from them—they refused to respond to calls for general strikes and, except in Central Germany and Hamburg, they remained at work. There was no real Red Army anywhere. At the first sign of the rising strong measures were taken by the civil authorities, and it was never necessary to bring in the Reichswehr. Warning signals early in March were the plundering of the countryside by armed bands and the wholesale pilfering of property in the Leuna munition factories, an industrial complex larger than Krupps. But at the first intimation of disturbances strong forces of armed police were thrown into Halle and Merseburg for concentric operations against the rioters' organisations. Though these disturbances developed into strikes and violence on an extensive scale locally, the ultimate outcome was never in doubt.

The new feature was the resistance of the workmen to their would-be Communist liberators. They were dis-

illusioned to this extent, that they now recognised in Russian Bolshevism only the continuation of the old Tsarist absolutism under new management. For their part the Bolshevik organisers showed how completely they had failed to understand the German proletariat. In Russia the land-hungry peasant had been the decisive factor ; there was in Germany no such deciding class. The “land-hungry peasant” ranged from the small-holder in Bavaria to the labourer tied to the soil of a Prussian estate, but he was a small and by no means an influential fraction of the proletariat. The industrial proletariat, on the other hand, had no caste solidarity, varying, as it did, from the sweated home-workers to the highly paid independent artizan. Industrial Labour might have been decisive if it had been all Communist, but it was not. At that period Communists were—at the most—as one to fifteen of the electorate ; registered Trade Unionists were as one to three. The Russian Bolsheviks had been able to consolidate their own position by making the Russian peasants a present of the land. To make the German peasants a present of the land would not have exercised the slightest influence over the great bulk of the German proletariat. Towards the close of the Halle rising there occurred the unwonted spectacle of disillusioned workmen turning upon their Communist “comrades” and fighting their way into the works. The Prussian police used the rising as an argument for their own reorganisation, with an equipment of rifles, machine-guns, aeroplanes, and a field intelligence service—a plea that fell upon deaf ears in the councils of the Allies.

Throughout all this period the German Government and people continued to debate the question of reparations, or rather to devise methods of procrastination while looking for a way of escape. The patience of the Allies

at last became exhausted, and a scheme of reparations, known as the London terms, was put to Germany as an ultimatum. Briefly it assessed the amount at 132,000 million gold marks, payable in increasing amounts, beginning with 1000 million gold marks within twenty-five days and a rising scale of payments beginning with 2000 million gold marks yearly plus 25 per cent of the value of German exports, the cash payments to be made in foreign exchange or currency in London, Paris, or New York. The inevitable effect upon the German currency appeared to have been considered by nobody, though it must have been obvious that every time the German Treasury entered the market to make these large purchases of pounds, francs, and dollars for transfer purposes, the mark must suffer further depreciation. On the German side there were protests and appeals, rhetorical references to "slavery," and predictions of an economic catastrophe, accompanied by vast unemployment—and so forth. An appeal to the President of the United States, made in opposition to the best advice of the German business world, called forth a firm and dignified refusal which, perhaps for the first time since the war, enlightened German public opinion as to the real sentiments actuating America, though the germ of a solution lay in the American reply. It was plain that refusal to comply with the ultimatum must once more be followed by consent, and the history of the signing of the Peace Treaty duly repeated itself. A large body of Germans favoured refusal to the last, on the ground that France intended to occupy the Ruhr in any case. On May 4, 1921, the Fehrenbach-Simons Government resigned, and after some delay the Finance Minister, Dr. Wirth, formed a Cabinet of Centre, Democrats, and Socialists with the programme of "fulfilment." On May 11, only just within the period of the ultimatum's expiry, he accepted its terms unconditionally—reparations,

guarantees, disarmament, and the trials of the war criminals—for the definite purpose, as he explained, of saving the Ruhr from invasion. He declared that, while he did not believe the payments could be continued, he intended, in the interests of the Reich, to see that Germany did her utmost to meet the obligations thus contracted. His aim was to prove by fulfilment the impossibility of the demands.

CHAPTER XI

THE POLICY OF FULFILMENT

THE Germany which Dr. Wirth was called upon to administer after the acceptance of the London Ultimatum presented a very different picture from that conceived by the Socialists when in November 1918 they had overthrown the monarchy. They had been rudely awakened out of their revolutionary dreams. There was no longer any serious question of socialising industry. It was soon recognised that socialisation, even of so homogeneous an industry as coal mining, would involve the most drastic reorganisation, which Germany, at the outset of a vast reparation programme, simply could not afford. After a lengthy enquiry, accompanied by voluminous reports, the question was quietly shelved. A spirit of uncertainty overshadowed German economic life, due chiefly to the instability of the currency and the hopeless outlook of public finances. Confidence in the State was lacking both abroad and at home. Yet during this period German business men never lost their grip on their overseas trade, they not only maintained such measure of foreign confidence as they had hitherto enjoyed, but took concerted steps to increase it. But for the policy pursued in German public finance, for which officials far more than politicians or business men were responsible, the German industrialists, in co-operation with the German Trade Unions, might have given the problem of economic recovery a very different appearance. The process of reorganisation

and reconstruction suffered, it is true, from time to time as the result of crises, but in principle it never ceased and the main plans were never changed. Events played into the hands of the reorganisers. The low German exchange in effect meant that the German workman manufactured for ever-declining wages what the German exporter sold for ever-appreciating prices. Thus German merchants were enabled to sell at prices with which their foreign rivals could not compete. The false sense of prosperity thereby created deceived the less acute, who did not readily perceive that German prices were low because with every article sold abroad Germany was giving away as a bonus some small portion of the national fortune. It led to further displays of extravagance on the one hand and to resentment and disgust on the other. In this welter of speculation and insecurity the great vertical trusts, which were ultimately to prove so disastrous an adventure, were developed by the leading industrialists of Western Germany.

That Germany's economic life should have withstood the shocks administered under the ultimatum was fresh evidence of latent strength. The demonstration was not lost on Europe, though its meaning was variously interpreted. Germany, it was plain, was either a dangerous rival or a competitor worth backing. Public opinion in Europe at this period showed itself strangely vacillating. France, when the London Ultimatum had been rejected by the Fehrenbach-Simons Government, had taken steps to mobilise a year's recruits, a measure calculated to alarm not only Germany but the world. The effect on the German Government was immediate; but the effect on trade was practically nil. The "sanctions" contemplated a frontier line between occupied and unoccupied territory, with all the dislocation involved by a customs barrier, and the still further dislocation caused by a

system of import permits issued with the usual dilatoriness from a central office at Ems. The occupation of the Rhine ports had its immediate effect on Rhine shipping, while the 50 per cent export duty levied *ad valorem* on all German goods sent into Allied countries (it was subsequently reduced to 26 per cent) prevented a great deal of business from being done with Germany and diverted it into other channels. For once the German seller failed to pass the duty on to the consumer. These methods, however, in the long run had little effect. It was found on experience that trade adjusted itself to all hindrances. So far from detaching the Rhinelanders of the left bank from Prussia, penalties drove them into closer alliance with the Reich.

The prospects, therefore, were not unfavourable to Germany for exploiting those forces which still believed in the regeneration of Germany. Had German statesmen been able to estimate them accurately the country might have been spared immeasurable agony. But unlike German industrialists and merchants, they elected to take the more pessimistic view, and the Cabinet formed by Dr. Wirth to carry out the terms of the London Ultimatum went to work in a somewhat dispirited manner. Difficulties of an ominous kind, both personal and political, had attended its construction. Vehement opposition to candidates was raised, not only by the Nationalists of the Extreme Right, but also by the more moderate People's Party, which had co-operated in the Fehrenbach Government. Led by Dr. Stresemann, the one-time National Liberal, it had voted against the acceptance of the London Ultimatum on the ground that fulfilment was impossible without a guarantee that Upper Silesia would be assigned to Germany undivided. The irreconcilables of the Extreme Right were further incensed that Dr. Wirth should have given the portfolio of the

Ministry of Reconstruction to Dr. Walther Rathenau, one of the most prominent Jewish business men in Germany during the war. Indeed, the task of filling up some of the offices in his Cabinet was so beset with obstruction from this or that quarter that he began by being his own Foreign Minister and his own Finance Minister. Later on he appointed to the former office Dr. Rosen, well known as an Oriental scholar, but otherwise undistinguished ; the Ministry of Finance he retained in his own hands. The coalition parties hedged and hampered him with conditions as the price of their co-operation. He had the avowed sympathy of the Majority Socialists and the tacit support of the Independents, both, however, on the understanding that in raising the money to pay the reparation annuities he would impose heavier taxes on property. Their argument was that through the indirect taxes and the 10 per cent (deducted) income-tax on wages Labour was already paying more than its share, and they suspected the property-owning classes of a determination to pass still further burdens on to the workmen's shoulders. The best the Chancellor could offer the country was that he would lead it "through work to freedom."

The payment of the first 1000 million gold marks required by the London Ultimatum was made by the due date in the manner stipulated by the Allies. Germany accepted the option of paying partly in cash and partly in endorsed bills, and as a first instalment the sum of 150 million gold marks was transferred in foreign currency or exchange. The form in which it was paid gives some idea of the efforts that had been necessary to get it together : 10,675,000 dollars ; £3,500,000 ; 22,000,000 French francs ; 4,500,000 Swiss francs ; 5,000,000 Belgian francs ; 2,000,000 Dutch florins ; 6,500,000 Danish crowns , 3,000,000 Swedish crowns , 3,500,000 Norwegian crowns ; 8,500,000 pesetas ; and

German cheques to the value of 10 million marks. The whole equalled 150,000,000 gold marks at the New York rate of exchange on May 13, 1921. The general public in Germany was under the impression that the entire first instalment had been paid in hard cash, and accepted the report with a mixture of resentment and pride. But even this comparatively small part of the transaction stretched the German exchange to a dangerous point. For the balance the German Government had given Treasury bills endorsed by the German "D" banks (Deutsche, Darmstädter, Disconto, and Dresdner) due for payment on August 31. The evil day was thus merely postponed, and it was evident from the repercussions of the first payment that the subsequent effect on the German exchange was likely to be disastrous. The next two instalments were then due in January and February of 1922, and an estimate of the revenues to meet these payments was made. But when the most optimistic Budget was drawn up it was seen that quite one-half remained uncovered.

The Budget underwent a complete alteration and the Government found itself confronted with serious difficulties in its attempts to devise schemes for raising the necessary revenue. The system of payment argued another aspect of the matter which had not been seriously considered. To pay 4,000 million gold marks by way of surplus production—the only apparent means of transfer—required a very large trade increase, and payment in this form launched upon the world's markets was bound to have far-reaching effects upon all the trading nations. At the time few people realised that Germany was being committed to the payment not of a stream of gold, but a stream of goods. The alternative to that form of payment was bound to result in a heavy increase in the floating debt, because every purchase in gold marks must

involve an ever-increasing multiple in paper marks, a process that must lead to a high-power progressive depreciation of German currency.

There was little hope of any large transfer by way of material deliveries. Several schemes had previously been attempted. One such was worked out by Dr. Simons, the late Foreign Minister, in collaboration with the German Trade Unions for the partial reconstruction of the French "devastated areas" and the proposals had the approval of the Trade Union (Amsterdam) International. But it was never seriously meant; the German Trade Unionists, who sought to make political capital out of it by using it as a scheme of relief works for their own unemployed, overloaded it with impossible conditions. The German industrial world took very little interest in all such schemes, refusing to believe that the French were in earnest with the reconstruction of the devastated areas for reparation account. However, Herr Rathenau, the new Minister of Reconstruction, took the opposite view, and he began negotiating with M. Loucheur for an agreement to deliver building material. It was ultimately reduced to writing, subject to the approval of the Reparation Commission. But the Reparation Commission declared that the scheme, involving as it did a departure from the letter of the Peace Treaty, raised questions beyond its competence. The scheme presupposed, of course, a preferential treatment for France, and implied an additional strain upon German finances. Like its predecessor, it had no prospects of success. Its more immediate effect was to enrage that section of German opinion which, in its bitterness at being required to contribute towards repairing the damages of the lost war, could only perceive in these shifts the forging of new links in its own shackles.

A section of Germany was resigned to the policy of

fulfilment, but only because it was convinced that in any case the payments would prove impossible in the near future (August 1922 was usually calculated as the date of breakdown), and that since every possible economic effort would be necessary to create the volume of trade imperative to the purpose, the Allies would be compelled in their own interests to leave Upper Silesia to Germany; or alternatively that German trade, weakened by the resultant political disturbances, would be altogether incapable of producing a surplus. But another, and ever-increasing, section viewed the effects of the London Ultimatum from the more militant angle that has always been the larger element in German statecraft, where politics are but the extension of war by other methods. The same influences were at work that had actuated the Kapp rebels—the increased display and luxury (really one of the natural phenomena of a falling currency), the imposition of high taxes impoverishing the more stable elements, and the general decay of national morals and civic conduct. The methods of Kapp had proved that counter-revolutions could not lightly be undertaken as an antidote. There were, however, other methods. Count Arco, who had assassinated the Bavarian Socialist Kurt Eisner, had been practically complimented on the heroic character of his patriotic deed by the judge who tried him. A campaign of agitation set in against all those who had had a hand in the events which led to the signing of the Peace Treaty, and especially against the Jews, who were supposed to be the root cause of Germany's ruin.

The centre of this agitation was Bavaria. The Bavarian Premier, Herr von Kahr, had declined to accept the view that the armed citizen guard (*Einfuhrerwehr*) came within the disarmament clauses of the Peace Treaty. Long after the Allies' demands had been complied with

throughout the rest of Germany he continued to resist. When at last patience was exhausted, and through the British Consul-General in Munich the Allies peremptorily ordered not only the disarmament but also the disbandment of the *Einwohnerwehr*, with the alternative of new sanctions, there was then nothing but to accept. The *Einwohnerwehr* were formally pronounced to have been disbanded, Herr von Kahr extolling their services in a last letter of thanks. But deception being considered a fair and patriotic virtue in the circumstances, leading Bavarian politicians openly boasted that the organisation had been preserved in fact and spirit. Such proved to be the case. There followed a series of political murders, the victims being persons suspected of giving information to officers of the Allied Control Commissions as to the whereabouts of the *Einwohnerwehr*'s concealed arms. The commanders of the *Einwohnerwehr* denied that the perpetrators had their direct support, though they made no secret of their view that these acts were absolved by the higher interests of patriotism. Side by side with the campaign of assassination a police regime was established in Bavaria, supported by the *Volksgerichte* (people's courts) originally set up during the Bavarian Soviet revolution and now completely dominated by the counter-revolution. From their verdicts, which in cases of alleged treason were invariably followed by savage sentences, there was no appeal. The law of treason, as elsewhere in Germany, was administered with the utmost severity. At times it seemed as though it were only the old law of *lèse-majesté* of the Kaiser's days under another name.

Hard upon the first series of Bavarian assassinations came another of a more serious character. Herr Erzberger, the ex-Finance Minister, had been subjected to a vendetta both in politics and the law courts from the time when, at the request of Prince Max of Baden, he had been

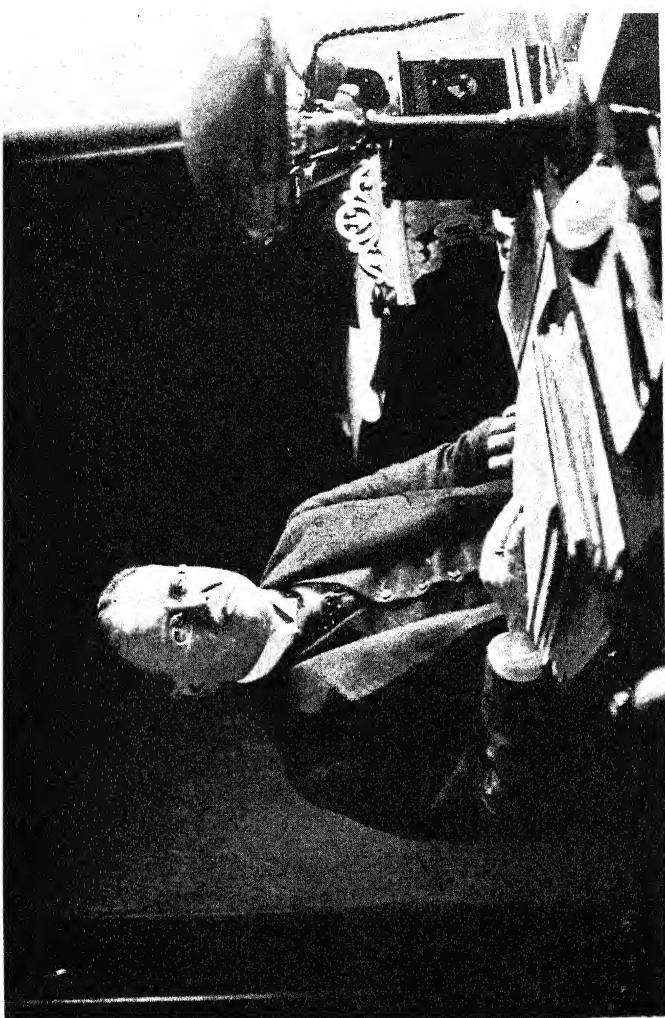
Germany's chief delegate in the negotiations with General Foch for drawing up the Armistice terms in the Forest of Compiègne. Accepting that mission for the avowed purpose of preserving the unity of the Reich, he remarked at the time that it was likely to prove a first step to his death. Events showed that he was right. Strolling with a colleague in the woods above the valley of the Kniebis in the Black Forest, where he was spending his August holiday, he was shot dead at close quarters by two young men, emissaries of one of the Bavarian secret societies, who had been detailed for the task. The murder had been minutely planned, and the escape of his assailants, facilitated by Bavarian official quarters, was assured.

It is probable, though by no means certain, that the assassination of Erzberger was intended as part of a larger action, the purpose of which was to undermine and overthrow the Republic. There can be no doubt that a widespread conspiracy was again on foot and that preparations for a rebellion were far advanced. The Kappists, who had sought and found a haven of refuge in Munich, had been openly conspiring for some time past, and the ramifications of an extensive plot, radiating from Bavaria into Silesia and Thuringia, were well known to Dr. Wirth and his colleagues through the secret reports of the Prussian police. As on a former occasion, the Central Government sought to avoid as long as possible all action that might provoke a conflict with Bavaria in the face of every sort of provocation. It trusted that its opponents would repeat their error of the Kapp rebellion by making some tactical blunder, and thus allow it to choose its own ground. In this it was not mistaken; the murder of Erzberger brought about the inevitable clash with Bavaria, but with the Central Government in an overwhelmingly stronger moral position.

Bavaria at this time was still under the modified state

of siege, and behind the police regime that flourished in this condition of affairs every form of reaction sought shelter. The Kappists, against whom Prussian warrants had been issued, were allowed to move freely about in Munich and the warrants were ignored. The disbanded "Orgesch," the bulk of its arms hidden away, went on, secretly enrolled under other titles. The Bavarian ex-Crown Prince was openly acclaimed King on the death of Ludwig III, and on the occasion of public ceremonies behaved as such in all but legal forms. Bavaria became honeycombed with secret societies, some militant, others national, but all pledged to action against the Republic when the occasion should arise. Most curiously of all, there prevailed in Bavaria, the seat of all this anarchy, the belief that there alone order and decency were being preserved, and that the salvation of the Reich would only be assured when Bavaria had marched against "Red" Berlin and had cleared out the political "Prussian pigsty." Alone in Franconia, the northern and industrialised part, a more liberal spirit was timidly preserved.

The reactionary Bavarian elements were not a little surprised when the murder of Erzberger was promptly followed by impressive Republican demonstrations throughout the Reich and by summary action on the part of Dr. Wirth's Government. The Chancellor himself declared that if it came to a struggle between the bourgeoisie and the proletariat he would be found on the side of the latter. An ordinance for the "protection of the Republic" was issued in which the constitutional guarantees were suspended, and a censorship established. As this naturally extended to Bavaria also it precipitated the conflict. the Bavarian Government opposing what it regarded as a further infringement of its few remaining sovereign rights. There was something to be said for this view, in so far as the strictly constitutional aspect



HERR ERZBERGER

was concerned, for under the Republic the unification of the Reich (a very different conception from that of unity) had been carried further than ever. Finance, the Army, the railways, and the post had all been centralised, a feat Bismarck himself had failed to accomplish. But in other respects the Bavarian view of unity, with all its provocative displays of monarchist and militarist pageantry, was directly in conflict with that of the German masses outside Bavaria. The mistake was made of allying Bavarian interests with the Monarchy and of promoting the view that the national patriotism of Germany could only be based on the Monarchy. It was quite wrong. The Republicans of the rest of Germany were not less patriotic and hardly less militant than the monarchists of Bavaria, and believed as firmly in a united Germany.

Once more the differences were tided over by a compromise in words which, while warding off an immediate clash, carefully avoided the root of the trouble. But for the fact that the problem of Upper Silesia remained unsettled the internal problems of Germany might have sought a more immediate solution. The Silesian plebiscite had been taken, but there remained the interpretation to be placed upon it. The Powers which had recreated the Polish State could not ignore its economic claims to this rich Polish-speaking area, even though they might be deaf to historical pleas and dissertations. The Polish State itself could not afford to neglect the interests of its nationals or remain idle in the face of the frenzied efforts being made by Germany to force the hands of the Allies on the ground of reparation payments and other appeals to material interests. There was always a danger that Polish opinion, mistrustful of plebiscites and findings, might force its rulers to summary action. As it was, the agitation on both sides soon developed into the threat of physical violence, and in a very brief while the Allied

forces found themselves holding the scale between Polish irregulars on the one side and local German formations on the other. To regularise the position they allowed the Germans to recruit and train a quasi-regular force, which was placed by the German Government under the command of General Hoefer, himself a Silesian, with, as he declared, the one desire to let loose his troops against the Poles and clear them out of the country. This force was something of a surprise for the Allies, in that it showed Germany capable of raising a purely local army of some 40,000 men, fully equipped and armed within the space of a few days, quite ready to go into action against the Poles, and restrained only by the Allies' threat to withdraw if they did so. The attitude of this force was from the first highly provocative towards the Allies, while the efforts of the leaders and the Government supporting them were directed to manoeuvring the Allied control to take sides with them against the Poles. When that failed, they tried to promote dissension between the various Allied commands, in which they were very nearly successful. At length the delay on the part of the Ambassadors' Conference in arriving at a decision became dangerous and both Poles and Germans prayed for something conclusive. The frontier line was drawn, the delineators taking geographical and economic features into consideration as best they might amid a clamour of ethnological and linguistic claims. In an impossible situation it must be admitted that the result was as much as could be expected.

The decision gave rise to a storm of protest in Germany, to some extent genuine, to a greater degree stimulated and artificial. It was in any case a severe blow for the Wirth Government. The Chancellor, his hands full with the conflict upon unity and Republicanism, forced upon him by the Erzberger murder, had been negotiating to

secure a wider conception of unity by broadening the basis of his coalition. In the circumstances his efforts were doomed to failure. He thereupon resigned, declaring in a letter to President Ebert that Germany's capacity to fulfil her obligations to the Allies was seriously prejudiced as the result of the Silesian decision.

He was requested by President Ebert to form a new Cabinet, since his was the only policy that had any prospects of success in view of the attitude of the Allies towards the question of reparations. He did so, once more reserving the Ministry of Foreign Affairs and Ministry of Reconstruction for future settlement. The career of this second Wirth administration, beset as it was with the same problems, was singularly like the first. He was opposed from the outset by the reactionaries who parodied his motto on fulfilment to read that he would "lead Germany through work to slavery." His attempts to meet the reparation payments were attended by further disastrous falls in the exchange, the reaction against his policy once more took the form of assassination and in the end he was forced to resign as the result of causes beyond his control.

The immediate effect of the Upper Silesian decision was a further decline in the German exchange, this time the reflexion of a weakening of public confidence both at home and abroad. It threw the Budget calculations out of gear in that the taxes which had been assessed before the weakening took place were worth only a fraction of the expected value. This left the Government short of money for current expenditure and necessitated—since immediate economies were impossible—the recourse to borrowing on short-term bills, discounting them with the Reichsbank, and printing the money to pay them as they fell due. In this way the floating debt steadily increased. The effect on the public was twofold. On

the one hand that section of the business world which could borrow from the Reichsbank was able to make large paper profits, owing to the fiction that "a mark was a mark," while the wage-earning section suffered severely because prices rose day by day as the rate of exchange declined, and wage-money received on Friday was certain to have a greatly depreciated purchasing value by the following Tuesday. Retail trade, where it did not actually demand payment in foreign currency, adjusted its prices as the dollar exchange moved, while wages, being usually fixed by collective bargaining, could be raised only with difficulty and invariably lagged behind prices. The glaring divergence between the welfare of the two classes moved the Government to attempt measures for controlling public expenditure. It introduced sumptuary laws for the one class and price-regulation by market courts with powers of summary justice against profiteers in the interests of the other, but all its measures proved totally inadequate to check the evils it was itself helping to create. Meanwhile commercial morality, in the absence of fixed standards, declined to vanishing point, a result that might have been expected when the Federal Governments themselves set the example of barefaced exploitation. A senseless campaign of xenophobia was deliberately fostered, the Germans being encouraged to believe that the few foreigners resident in their country could cause the shortage of food and commodities that was irking them so severely.

By the beginning of January the prospects for paying the next instalment of reparations were not very bright. The money was not there, and unless it could be obtained by some new method it was plain that there must be another collapse in the exchange. A foreign loan was flatly refused by the London market, but something might be done by way of internal credits. The Chancellor

and the leading big-business organisation, the German Industries Federation, began to explore the possibilities in a series of conferences. But the terms of the Federation were too stiff: nothing less than the denationalisation of the German State railways, perhaps the largest single undertaking of its kind in the world, would satisfy them as security. In this the Federation was really acting in a far-sighted manner, since the same project, coupled with foreign control, was already being discussed by the Allies. It had been observed that the railways were being operated at a loss of some 70,000 million marks per annum, which was virtually equivalent to a handsome transport subsidy to German trade and industry. It was argued that this sum at least might be made available for reparations, or even a greater, since the railways were admittedly over-staffed and uneconomically operated. But the method in which the negotiations were conducted provoked an outcry on the part of the Trade Unions against the increased railway rates and the dislocation of labour. To have flouted them would have been to court the opposition of the Socialists, which the Wirth Government could not afford. The scheme was therefore not proceeded with.

On the announcement that the Reparation Commission intended to visit Berlin to inquire into the whole question, the hopes of the German financial world rose and the prospects of a moratorium began to be discussed. But as soon as it became clear that the purpose of the visit was solely to secure guarantees for the next payments, these hopes died, and with them the exchange sagged once more. It had now reached a dangerous stage, in which it threatened to drag others with it, and in these circumstances the Allies took hurried council to see what could be done to stay it.

CHAPTER XII

THE PACT WITH THE BOLSHEVISTS

THE Conference at Cannes, which met in the early part of 1922, was intended to be preparatory to the world economic conference to be held later on at Genoa. But it was also intended to serve the further purpose of deciding how much Germany could pay for the year ending May 1923. All through the latter part of 1921 and the spring of 1922 financial experts in Germany had been denouncing the impossibility of the Reparation Commission's scale of demands (as the outcome of the London Ultimatum), and though no official request for a moratorium had been preferred by the German Government, it was openly admitted that it was inevitable. It was the intention of the guaranteeing German bankers that this aspect of the question should be put to the Allies at Cannes, and as they expected once more that the German Delegation would participate in the Conference on a footing of perfect equality, they intended to press it home. In this they were disappointed. The only opportunity given them was that of making an offer. The German Delegation proposed 500 million gold marks, subsequently raised to 720 million, as their contribution for the Reparation Year 1922–1923, together with deliveries in kind to the extent of 1200 million gold marks; but in view of the apparently flourishing state of German trade this was deemed inadequate. Apart from the question of transfer and its effect on German currency—an aspect of the problem which continued to

be neglected by the Allies—there was no doubt that demands for the impossible were provoking in Germany a determined opposition to the possible. That was the psychological lesson of Cannes, and it was not altogether wasted. Germany was given a provisional moratorium, and the problem was then once more shelved. At the same time another question, destined to play a considerable part in the events of the immediate future, was brought up for discussion by M. Briand. This was the problem of European security. It had begun to be recognised—indeed, it was already patent—that the problem of reparations was intimately bound up with the anxiety of France for some form of security for her western frontiers other than the maintenance of large armies, and that there could be no real settlement of the reparation difficulties unless the problem of security was also attacked. It had been raised at the time of the Peace Conference; a triple pact between Great Britain, France, and the United States of America had been on the point of completion when America withdrew from all further intervention in European affairs, on the ground that a pact of this kind would inevitably turn the world once more into two opposing armed camps. M. Briand now raised the problem anew, envisaging a pact with Germany primarily, and with Great Britain merely as a possible third. There could have been no question that a pact between Germany and France, provided it were faithfully kept, might have guaranteed peace for a period. It promised the only sound method of progress. But the negotiations had not gone far when the work of the Conference came to an abrupt end. By a sudden popular caprice the Government of France was overthrown, and the mandate of the French Delegation lapsed, M. Briand returned to Paris, and the Conference dissolved. Its one asset was that it drew up an agenda for the pendant

Conference at Genoa, which Germany was to be invited to attend, this time on what was described as "a footing of greater equality."

This Conference met at Genoa on April 10, 1922, and was attended by delegates from the majority of the nations which had participated in the war. It led to the ventilation of a great mass of pious opinion on peace, while really achieving nothing applicable to immediate problems. Its programme, the economic reconstruction of credit throughout the world for the purpose of creating purchasing power for the benefit of industry, was conceived on the purely capitalist basis of adequate material security as the indispensable condition for loan or credit. The wording of the agenda appeared, and was interpreted, to be directed against Russia.

It was obvious that Germany, in view of her geographical position, could not participate in any political movement that might expose her to ultimate reprisals from her Eastern neighbour. Two (and possibly three) other motives actuated the German Delegation in rejecting any policy with a spear-head directed against the Bolsheviks: the Germans believed in self-help as the basis of European reconstruction, and had already given demonstrations of its practicability, they regarded themselves as the nation pre-eminently destined to form the economic link between Russia and Western Europe, and there were not wanting signs that German military thinkers, of a standing that entitled them to respect, entertained hopes that co-operation between German military science and Russian military resources might be turned to the advantage of Germany's liberation. There was something to be said for these contentions. The geographical position of Germany had been the determining factor against the acceptance of all British proposals for an understanding from the era of Bismarck through

that of Holstein down to the mission of Prince Lichnowsky—namely, that Germany must at all cost avoid being drawn into either the Western or Eastern European orbit. This policy had never been dictated by any consideration of the claims of Western civilisation, but solely by Germany's material interests. Moreover, Germany had held a predominant position in the past as the intermediary between the Russian purchaser and the European market. It was hoped to restore these relations through commercial treaties, in spite of the anti-capitalist system introduced by the Bolshevik doctrinaires, in the lasting powers of which German economists and politicians alike had no faith. Germany feared that in the absence of some definite arrangement in her favour the Poles, now set free to foster what had always been a tendency, might usurp the position of intermediary and supply the technical assistance of which Russia stood so greatly in need. In these circumstances a pact with France had less and less attraction for Germany. On the other hand, the negotiations for a treaty with the Bolsheviks, which had long been fostered by Baron von Maltzahn, chief exponent of the Eastern school of policy at the German Ministry, became of the utmost importance. They were now brought to a rapid conclusion, and the resultant treaty was signed at Rapallo on April 16, 1922.

It may be doubted whether this instrument was the means of fulfilling even a small proportion of Germany's hopes. The pursuit of the Russian *ignis fatuus* had led Germans a sorry dance through a maze of illusions ever since the Peace of Brest-Litovsk. The rush for concessions, the formation of syndicates to exploit them, the opening of agencies under the terms of the commercial agreement, had been nothing but a series of disappointments; the most that was possible was quick-spot business in the hope of getting away with the profits.

Payments proved unsatisfactory, and credit insurance forced up prices till the Russian purchaser looked elsewhere. It was discovered that the New Russia was but the Old Russia under a different sign, with the same corrupt officials and the same bribery. As for the prospect of colonising Russia with the expert German technician, the Soviet Government soon showed that it had no intention of tolerating anything of the kind. Russia was still in the shadows. The spirit of the age required, not that Germany or any other country should break in, but that Russia should break out.

The pact with the Bolsheviks was received throughout Germany with satisfaction, being interpreted as a reminder to the Powers that German destinies still lay in the hands of Germans. It heartened the forces of reaction, steadily gaining ground in public sympathy, in part, no doubt, as the result of the continuous pressure from the Allies. Anti-Republicans were certainly making greater progress than convinced Republicans, now chiefly represented by the leaders of the Coalition parties rather than by their followers. Indeed, the convinced Republicans were becoming steadily weaker ; gradually even the Democrats, who had formed the backbone of Republicanism while admitting tacit or even expressed allegiance to the new Germany, evinced a total absence of spiritual communion with it. Not that they regretted the events of the revolution, or accepted in any sense the epithet of "November criminals" coined for them by the reactionaries. For their share in the abdication of the Kaiser and the downfall of the throne they had a good case : either the ultimatum to the Kaiser in November 1918 was the crime of treason as their opponents asserted, and then it was the Kaiser's duty to resist it to the utmost, even to the point of death ; or it was the natural sequence of a lost war that the monarchy should make way for a new

form of State, and then the Kaiser was at liberty to take what action he pleased, but the crime of treason was not involved.

So the more liberal-minded among the Germans might reason, but not the reactionaries. All Germany before the war had been brought up to the worship of the deified Hohenzollerns, and an article of faith does not easily admit of argument. Secretly and openly societies, organisations, and parties had devoted their efforts to the restoration of the monarchy, or at least the overthrow of the Republic—for there were still groups of anti-Republicans who could not forgive either the flight of the Kaiser to Holland or what they conceived to be the corruption, mismanagement, and self-interest of those upon whom the responsibilities of Government had fallen. The leading Monarchists, faithful to the old regime, maintained touch with the exiled court at Doorn and organised their followers to support its claims. It is strange that the Hohenzollerns, who had behaved so cavalierly towards the crown of Hanover in 1866, should have found so many supporters for their claims to the retention of their fortunes and to compensation for the loss of their privileges. In Prussia the spirit of revenge for Germany's war losses and loyalty to the throne of Prussia continued to be taught in the schools, the new editions of the history textbooks being designed to educate the Prussian youth to the idea that the highest sacrifice would one day be demanded of him in the cause of Germany's regeneration—meaning the reconquest of the lost territories and the restoration of the Prussian kingdom in a greater Germany. Teaching in the Universities was dominated by the same spirit, differing only in degree of passion from that taught by Treitschke and his school ; and short shrift was given to democratic professors. The young men were encouraged to harden themselves as a substitute for military

service—except in cases where, with the connivance of the Reichswehr, temporary military service could be substituted for the new cult of athletics. The letter, as well as the spirit, of the disarmament clauses was openly flouted wherever it was safe to do so. The Control officers of the Allied Powers had been from the first deliberately tricked, obstructed, and subjected to indignities in their attempts to prevent reactionary industrialists from manufacturing and concealing war material. It was not surprising that when the violent explosion occurred at the Badische ammonia factory at Oppau in September 1921, causing the destruction of a whole town, French observers should point out that the requirements of German agriculture could not account for the enormous production of nitrate, already far in excess of the pre-war output and obviously part of an organised scheme for the production of munitions of war. These evasions and deceptions served in the long run to play into the hands of the French militarists, who perceived in German militarism the best argument for their own existence.

But political considerations did not greatly exercise the reactionary societies. Gradually in other Federal States the exiled Dukes, Grand Dukes, Princes, and Kings, following the example of the Wittelsbachs, and the remaining Hohenzollerns, emerged from obscurity, their reappearance being accompanied everywhere by provocative displays and demands. Even in the republican Free Cities of Hamburg, Bremen, and Lubeck the reactionary societies took a hand in fomenting disturbance to emphasise the unrest that had followed in the wake of the Republic. As usual, the movement in Bavaria assumed a peculiar form. Rightly or wrongly, the supporters of the Hohenzollerns perceived in certain intrigues the aim of France to establish a Southern Catholic monarchy, comprising Bavaria, Austria, and Hungary, to be played

off against a Northern Protestant monarchy or republic, whereby Germans would be kept in a state of weakness and dissension. Groups of Bavarians, faithful to the Wittelsbach traditions, played into the hands of those who were fomenting these schemes, so that reaction in Bavaria could be divided into "Great German" and "Danubian." In the interneceine quarrels that ensued there arose a third movement on National Socialist lines. Borrowing from the Fascism of Italy, it was prepared to organise on Republican lines, but determined at the same time to carry its own conception of the State into North Germany and remodel the Republic according to its own ideas. With the Republic of Dr. Wirth and his colleagues it had nothing in common.

Other questions tended to divide the country at this stage. The demand for the surrender of war criminals had not been wholly abandoned, but it had been whittled down to the trial of selected persons before the Supreme Court of the Reich at Leipzig, with Allied counsel as prosecutors and German counsel as defenders before a court of German judges. As might have been expected, the trials were a farce, and the Allies received from their highest judicial authorities a unanimous report that the judgments were "an infamous comedy," despite a good deal of nonsense published to the contrary. That the trials should have been held at all, that German officers should be condemned to terms of imprisonment at the bidding of foreign civilians, was deemed by the reactionary groups to be the crowning shame, the responsibility for which they laid at the door of their Republican rulers. And, as though these sources of difference were not enough, there had been thrown into the turmoil of the parties at Weimar the question of the German national flag. This was bound to provide an inflammable controversy, having in view the traditional high value placed

by the Germans on colours, symbols, and badges. Here it is not possible to enter into the more intricate of the historical merits of Monarchist "black-white-red" and Republican "black-red-gold". The adoption of the former was due to Bismarck's opposition to the centralising policy of the Pan-Germans, and his preference for a smaller union under Prussian leadership; the latter was the flag of the unification movement of the early nineteenth century. When the revolution broke out, it was the Red Flag that the Socialists hoisted over the Reichstag and public buildings, it is a mistake to suppose that black-white-red was hauled down and black-red-gold run up. Many Socialists, indeed, were opposed to any change, and would have preferred the National Assembly at Weimar to leave the question open. Though the opposite view prevailed, it is worth remembering that the Socialists, under the lead of Ebert, adopted the black-red-gold colours in the interests of preserving the unity of the Reich, just as they adopted the arrogantly worded national hymn "*Deutschland über Alles*" for the same purpose. But they failed thereby to effect a reconciliation. Indeed, they actually forged for reaction one of its most powerful weapons. Those who at Weimar had been opposed to any change in the flag were justified by events, though they fell into line under Party discipline and accepted the new colours with all they implied.

The mentality produced by this agitation illuminates in some measure the background to the political murders and attempted murders during the period under review. The assassination of Erzberger had been but an incident in an organised campaign. Various lists of intended victims were in circulation at the time, though it is more than doubtful whether they emanated from the conspirator societies. Actual attempts were made upon the lives of Scheidemann, the Socialist leader, and Maximilian

Harden, the publicist, direct incitement to murder was set afoot in the case of the Chancellor, President Ebert, and General von Seeckt (Commander-in-Chief of the Reichswehr). The source of all these movements was the same. The most intensive agitation was that against Rathenau. It reached its climax after the Genoa Conference. Perhaps because the agents employed were mercenaries as well as fanatics, it culminated in his being shot on June 24, 1922, in broad daylight as he was being driven in his car from his house in Grunewald to his office in the Wilhelmstrasse. The actual assailants were two ex-officers of the German Navy, Erwin Kern and Hermann Fischer; they followed him in a car driven by another ex-naval officer, Ernst Techow, and when abreast of him one of them shot him with an automatic pistol, and the other threw a bomb. Rathenau was killed immediately. The assailants got away, but Techow, having spent the money with which he should have escaped, fled to the house of some relatives, who had no choice but to surrender him to the police. The flight of the murderers was not accompanied by the same well-organised staff work as in the case of Erzberger's assailants. After three weeks of hiding, Kern and Fischer were run to earth by the Prussian police at Burg Saaleck, a romantic castle not far from Naumburg, where they defended themselves to the last. Kern having been shot dead, Fischer blew his brains out. But owing to the arrest of Techow, justice was able to investigate the conspiracy—up to a certain point. The inquiry revealed widespread ramifications, all of which led directly to the Ehrhardt organisation in Munich. The three ex-officers had belonged to Ehrhardt's Brigade and had taken part in the Kapp rebellion. All the other participants in the plans for the murder, some of whom were still boys at school, belonged to one or other of the reactionary organisations. These were but the tools of

the crime. Justice stopped short with the arrest of the instruments, and satisfied public opinion by giving them heavy sentences of penal servitude. Neither the instigators nor the industrialists who found the funds for their activities appeared in the foreground at all. At the first sign that the accused might give more explicit evidence than was thought desirable an attempt was made to silence them by a present of poisoned chocolates. It had its effect.

The least explicable part of the crime was that Rathenau should have been selected as the victim. His war record in speech and action was as ruthless as that of the most irreconcilable Junker, and judged by German standards it might have been thought that he deserved well of his country. But the social upheaval caused by the lost war required a scapegoat. Rathenau, the most prominent Jew in Germany, happened to be caught by a wave of anti-Semitism. The Jews, it was argued, in the pursuit of their international aims had lost Germany the war. High Jewish finance and social democracy were supposed to be in alliance to overthrow monarchies and establish the supremacy of international capital. The secret plans of the Jews were believed to have been laid down in a book, *The Elders of Zion*, and not even the complete exposure of that work as an impudent and clumsy plagiarism from a pamphlet directed against Napoleon III in 1865 by a French lawyer, Maurice Joly, could affect the convictions of their fanatical opponents. It is impossible, however, to analyse closely the confused thinking that passed for policy among this section of the reactionary leaders who at times seemed more fitting subjects for the alienist than the police.

The murder produced a violent repercussion throughout the Reich. In Berlin it was the occasion for a spontaneous demonstration on the part of all the democratic forces,

from the Liberal wing of the Catholic Centre, through the Democrats to the extreme wing of the Socialists, perhaps the largest single manifestation of public opinion since the war-clamour of August 1914. The ordinance issued after the murder of Erzberger was given legal form as the "law for the protection of the Republic," passed by the Reichstag on July 21, 1922, for a period of five years, greatly strengthened and furnished with severe penalties. Among its provisions was one aimed directly at the principal objective of the Monarchists, whereby the return of members of the ex-reigning houses resident outside Germany was to be subject to the assent of the Republican Government. This ruled out the possibility of a *coup d'état* on the part of the ex-Kaiser or the ex-Crown Prince of Prussia. It was an astute move, but it resulted in a new collision with Bavaria, which refused to recognise the law as valid. The Bavarian Diet invoked its Federal rights, but declared its willingness to negotiate, and after long bargaining did indeed come to a fresh compromise with the Central Government of the Reich. The reactionaries remained unreconciled and withdrew to prepare their next move. Meanwhile the Government of Dr. Wirth, becoming more and more involved in its reparation problems and their effect on the internal condition of the country, at last realised that it had lost touch with public opinion, and on November 16, 1922, it resigned.

The measures for the "protection of the Republic" deceived nobody. It was plain that reaction had achieved a considerable success in the country. However much decent middle-class opinion might condemn political murder, it was utterly dissatisfied with the regime which, by truckling to the Allies, was constantly provoking new disorders at home. On the political side the country was ready for a Government less liberal and less acquiescent; on the social side the classes displaced by the revolution

were gradually winning their way back to the position of prestige that had been theirs under the monarchy. The former-officer caste was regaining its privileges in private life. The Reichswehr had been purged of practically all Republicans ; it was to the extent of about 50 per cent in the hands of the nobility (the staff to an even greater percentage) ; while the bourgeois element was not less reactionary, and it was anything but "a reliable instrument in the hands of the Republic." All attempts at rural reform, feebly undertaken by successive Socialist administrations, had failed to overcome the traditional servility which pervades the countryside, so that the Junker and the agrarian landlord remained in full possession of their old powers. The tacit alliance between the nobility and the industrialists was revived, greatly to the strengthening of the Nationalist opposition as a Party and an influence on affairs. The weakness of the Republic was reflected in the psychology of the German people towards freedom. In their hands freedom was the negation of order, and they showed by unmistakable signs that they preferred obedience.

In one respect the quarters in which Republicanism was strongest proved effective in the national interest. The co-operation of the Socialists and the bourgeoisie, which was essential to the revival of industry and general prosperity, continued. The community of interests between the industrialists and the Trade Unions was preserved. It had received a set-back at the time of the Kapp rebellion, but had recovered with the revival of security in the labour market. Even its exploitation by the less far-sighted federations of employers could not break it down, though the weakness of the Trade Union leaders was already paving the way for future troubles. A marked change was coming over Social Democracy in Germany. The failure of the revolution in Germany and

the spectacle of the Russian chaos had led to the watering down of Marx's anti-capitalist theories and the ascendancy of the reformist school of thought. Evolution had taken the place of revolution, and the Erfurt programme had been abandoned for a new and milder policy. The Independent Socialists, their game played out, declared themselves ready to return to the parent fold. Henceforth Socialism was prepared even to co-operate with the less extravagant forces of reaction in the fight against the two enemies. On the one side the Allies, growing weary of German promises and evasions, had begun to differ, and one wing, the French and Belgians, threatened a solution with violence. On the other side, with the support of Moscow, Communism, as the heir of the Spartacists, was gaining ground among organised Labour. The ceaseless work of the Communists within the Trade Unions, accompanied by preparations for a fresh assault against the bourgeois Republic, made it evident that in the coming struggle the Republic would need all the help it could get. In their anger and alarm at the murder of Rathenau the supporters of the Republic had organised the youth of the Socialist, Democratic and Centre into the "Reichsbanner Association," half-militant, half-pacifist. Its value as a factor for the defence of the Republic was never really tested. It is doubtful whether it exercised the slightest restraining influence upon the reactionary societies.

CHAPTER XIII

MORATORIUM, SECURITY, AND THE RUHR

THE Cuno Cabinet which succeeded that of Dr. Wirth on November 11, 1922, was an attempt to see what a less socialistic Government could do towards solving the Reparation problem. Herr Cuno, the new Chancellor, was a Hamburg shipowner, a Catholic, and a member of the People's Party, and thus a thorough-going Conservative. Though he did not go to the Nationalists for his ministers, the composition of his Cabinet, a coalition of People's Party, Centre, and Democrats, was not less national on that account, since it represented the reactionary wing of each section. It contained, moreover, non-party ministers who, while avoiding party allegiance, were even more Nationalist than their colleagues. Behind the Cuno Cabinet there hovered as its chief adviser Herr Helfferich, the financial genius of the Nationalists, who had budgeted for Germany in the war solely on a basis of prospective victory. He seemed in his different way a figure hardly less sinister than Erzberger.

Among his last acts as Chancellor Dr. Wirth had invited two groups of foreign experts to examine and report upon the German currency situation. The Majority Report, subsequently to be known as the Keynes-Cassel Report, made its appearance on November 11. It was at once recognised as a standard document of permanent value. It put the whole reparation question on a new plane for thinking people, lifting it out of the rut of

politics and raising it to the level of an economic problem to be treated according to economic laws. It enumerated clearly, and practically for the first time, the underlying causes of the mark's decline, and it outlined the reforms necessary to check its further decay. This document was in the hands of the Allied statesmen, when they met in London on December 9 for the purpose of considering the German demand for a moratorium. The German Government, while it had continued to meet its obligations through 1921, had openly declared that it could not continue to do so through 1922. Already the payments due were not being met, and deliveries in kind were ceasing to be financed. The German demand thus practically envisaged a moratorium of all cash payments at least till the end of 1924.

The hope that the reparation question might therewith be solved forthwith on economic lines was short-lived. French opinion was still disinclined to judge German payments from any standard but the requirements of the French Budget, and those requirements were certainly such as to stiffen the backs both of the French Cabinet and the public to which it was answerable. As soon as the proposal for a moratorium was made, M. Poincaré declared that if the request was to be granted he must have some counterpart to show the French electorate, as otherwise assent would be interpreted, both in France and in Germany, as a sign of weakness. As experience had shown, all signs of weakness were invariably exploited by German statesmen, each concession producing some fresh demand.

Apart from this, other serious considerations governed the French attitude. For months past the "flight from the mark" had been in progress and there had been an admitted increase in the export and retention of German capital abroad. Half measures adopted by the Wirth

Government had failed to check the frauds and concealments adopted by the German business world to protect its capital from the creeping paralysis which was overtaking the mark. It was obvious, however, that when the currency had reached the stage that it must either be locked up in bricks and mortar, or suffer extinction in the paper flood, nothing in the way of legislation was likely to prevent the owners of property from doing their best to protect it, and the investment of money abroad offered the best chances. The French view was that Germany had deliberately brought herself to the state of being unable to meet her obligations, and that the German industrialists had systematically ruined their country in order that France should obtain nothing. Alternatively it was thought that Germany was by no means ruined but was cleverly concealing her assets. The discrepancies in the German trade returns, due to tricks of addition with marks at different values, certainly lent colour to these views. Even the moratorium they called by some other name. M. Poincaré was prepared to admit the necessity for a moratorium, but not to accord it without some kind of material security. His view at this stage seems to have been that Germany must be compelled to establish a form of control regulating the Reichsbank issues, the Budget revenue, and expenditure and the issue of Treasury bills for discount—something after the methods adopted in the case of the Ottoman Debt. If this was not accepted—and the attitude of the German Government, industrialists, and general public gave no hope of its being accepted—then he proposed that France should occupy the Ruhr as a guarantee, with the other Allies, if they were willing, and if not then alone. He was careful to say that he had no intention of permanently incorporating any German territory. But his view was that if a moratorium of four years without

guarantees were granted, Germany, with the reserves at her disposal, would use the period to arm, and would say at the end of the time, "Now come and collect your reparations," and not a sou would be obtained except by force. He admitted that he was influenced by public opinion in France which would not tolerate a further increase in the great reductions already made on the terms of the Peace Treaty. He also admitted that the decision at best was a makeshift, and that France would not obtain by these means all the money she needed in view of her precarious financial situation. On the other hand, he did not anticipate serious physical difficulties in occupying the Ruhr. He imagined that within three hours the Ruhr could be occupied and control established over the vital German industries, whose proprietors, Stinnes, Kloeckner, Silverberg, and the others, would attend to receive such terms as the Allies chose to dictate.

The plan was, of course, opposed, or at least not accepted, by Great Britain. The view generally taken in Germany was that British statesmen refused to co-operate with France in coercing Germany by these means because they hoped for special advantages in respect of trade in either event, namely, that if the Ruhr were not occupied and the channels of German production were not interfered with, Great Britain, as a trading nation, would stand to profit; while if the French occupied the Ruhr and throttled German production, British exporters would be able to supply at even larger profits both Germany and Germany's customers. This was a false view, as anyone acquainted with the views of Mr. Bonar Law, then British Prime Minister, might have known. Great Britain feared that the ruin of Germany might easily involve a much more general ruin. The Prime Minister held the view, which he was never tired of expressing, that if Germany could be sunk under the sea and the rest of the

world go on normally as before Great Britain would be better off, because German competition would have disappeared. M. Poincaré held in prospect the exploitation of the state forests of Prussia, Bavaria, and Saxony as a source of revenue for contributing to the payment of reparations. This was to overlook the Federal structure of post-war Germany, since it required the consent of these States, involving legislation and the inevitable dispute with Bavaria. In all these cases the question of transfer was calmly disregarded. At one stage of the dissensions M. Poincaré had propounded the view that the mark was worth six centimes and he was prepared to take payment on those terms. Yet it was obvious that if France accepted payment in paper marks and then put those paper marks on to the market for exchange into francs they would depreciate at once. The six-centime mark would soon be worth only two. The proposals evidently involved difficulty at every point without promise of an adequate return. The principal factor upon which any exploitation of the Ruhr depended was the goodwill of German Labour, and it did not seem likely, judging from the temper within Germany, that this would be forthcoming.

Echoes from abroad indicated that a more moderate view prevailed in certain Allied quarters, especially in Great Britain, to the effect that there was no use in making demands upon Germany that were based solely upon Allied needs, that Germany could not in any case pay large sums until credit was re-established, and that even this could not be done unless stabilisation came first. It was recognised that this operation was bound to bring with it a profound disturbance in banking and industry. Stabilisation promised to be a long and delicate process. The City of London regarded the Ruhr as the "jugular vein" of German trade, and had no

doubt that if France possessed the power to occupy it indefinitely the recovery of credit would be retarded. Thus the proposals put forward by M. Poincaré might not only fail in their purpose, but might gravely jeopardise the whole economic recovery of Europe. There were even some who took the view that it was foolish to expect a nation to pay debts of this character if it could by any means avoid doing so, and that attempts at evasion might perhaps be attributed to other causes besides mere moral baseness.

The negotiations had been further complicated once more by the question of security. In a Note sent by the German Government on December 31, 1922, Herr Cuno offered to put into the hands of a third Power (one without interests on the Rhine) a solemn engagement that the States having interests on the Rhine agreed to bind themselves during a generation not to make war without being authorised to do so by a plebiscite of the people. By a generation the next thirty years was meant. The offer, however, was appraised in France as a tactless manœuvre and a piece of dangerous hypocrisy. "Why," it was argued by the logical French, "if the Germans are so anxious to dispose of the risk of war, do they specifically limit the period to thirty years?" They reasoned that what Germany really wanted was opportunity to develop by means of propaganda the desire for revenge to a point at which a popular vote would favour a new war against France. The proposal was abruptly dropped, though it was destined to be heard of again. In one respect it marked an advance on all former security negotiations. These had envisaged a pact directed against Germany as the potential aggressor; Herr Cuno's offer was the first recognition that security could only be achieved by a pact between the parties immediately concerned.

M. Poincaré's view prevailed. The Reparation

Commission, acting on French representations, certified on December 27th, 1922, that there had been a default on the part of Germany, notably in respect of the delivery of telegraph poles. The default was technical or careless, and only in a qualified sense deliberate. One of the heads of the Reparation Commission observed at the time that not since the Wooden Horse at Troy had timber been put to such a scandalous use. The Belgians stood by the French, the British stood aside, and the occupation of the Ruhr was begun on January 10, 1923, at first by a mission of engineers and experts with a minimum of military protection. The effect on Germany was what might have been expected; all parties, Labour and Socialists included, rallied to the support of the Cuno Government, which retorted to the occupation with a policy of passive resistance and issued the necessary ordinances for carrying it into effect.

Production in the Ruhr was rapidly thrown out of gear. It was then estimated that in a very short time, when the ordinances became effective, some five million persons would require support from the Reich. As to this the Government appeared to entertain little doubt. There is a good deal of difference in the characteristics between the Catholic population of the left bank of the Rhine and that of the Protestant right. The former have been observed to show many characteristics not very different from those of the French themselves. Their volatile temperament suggests Celtic origin, they are lighter of heart and altogether much more easygoing than the neighbouring Germanic tribes. If the Reich could command so large a measure of their allegiance during the difficult period of the occupation it might reasonably expect the whole-hearted co-operation of the Ruhr population, of mixed religion, industrialised to the extent of about 70 per cent and highly conscious of their

large share in producing the wealth of modern Germany. The Cuno Cabinet, while pretending that passive resistance was absolutely spontaneous, counted on implicit obedience. But its proclamations at a very early stage of the struggle betrayed some doubt. From the first the extreme Nationalists took a hand in the fight and the Communists were not long in doing the same. Both did their best to transmute passive into active resistance, and when the first clash occurred between French troops and a German crowd singing so-called patriotic songs,¹ designed to provoke reprisals, the true character of "passive resistance" became apparent. The Socialists held aloof from these manifestations. There was an outward display of solidarity, but even within the Ruhr a rift was evident between Capital and Labour.

Even an industrial war such as that which had arisen in the Ruhr cannot be fought without funds. Yet the Cuno Government had done nothing to raise the necessary revenue, and when, faced with the consequences in the shape of demands for assistance, it applied for help to the Ruhr industrialists, they turned their backs upon it. A voluntary effort, the *Ruhrhilfe*, promoted by the Trade Unions, was to a great extent boycotted by both Labour and Capital. It was suspect by the men's local unions, which refused to contribute, whereupon the industrialists, whose contributions were to be proportionate to those of the workmen, declined to pay. Moreover, seeing the Trade Unions becoming weakened, both as to numbers and funds, the owners of mines and factories seized the chance to reintroduce the longer working day and thus further alienated the sympathies of their men. The Trade Unions, seeing their hold slipping, appealed to foreign Trade Unionism for support.

¹ Among them the notorious "Siegreich Wollen wir Frankreich Schlagen."

But the foreign Trade Unions, in particular those of Great Britain, failed them. They subscribed small sums to keep the fight going, but they refused all appeals for sympathetic strikes or transport boycotts, and cheerfully sent their coal to Germany. The result was a coal boom and higher wages for British miners. It proved an expensive policy, for the German Unions did not forget it at a subsequent stage when the British miners found themselves in a similar position. As for the Amsterdam International, it passed pious resolutions, but took no action, while its officials even played a part in exposing passive resistance for what it was.

By the end of March the climax had been reached. Herr Leipart, President of the German Trade Union Federation, called upon the Chancellor and informed him that as the crest of the wave had been passed it was high time that negotiations should be reopened with the Allied Governments. The Federal States had supported passive resistance, but they were continually pressing the Reichs Government to frame, as the complement of its passive policy of resistance, an active policy of definite proposals. Dutch and Swiss financial interests had offered themselves as a medium for effecting a reconciliation, and on more than one occasion hints had been received that there were possibilities of American intervention. It was in these circumstances that the long-drawn-out negotiations were begun. Herr Cuno had little heart for them, and by June he had twice offered to resign. But both in speech and action his Government was committed too far to withdraw empty-handed, so passive resistance continued. The economic consequences radiated from the Ruhr to the rest of Germany, which had to import its coal very largely from Great Britain, then riding on a wave of high prices. Between January and August Germany imported 8½ million tons at prices

varying between 22s and 26s a ton. The purchase of the foreign exchange necessary for financing these purchases further injured the mark. What was produced in the Ruhr could not be exported, but went to augment stocks and was thus valueless as a factor in promoting payment on exchange. The moral effects were almost equally disastrous. It was estimated at one stage that ten million persons were wholly or in part unproductive as the result of the resistance in the Ruhr. Whole classes of the community were living on charity, and advertisements in the newspapers showed that Ruhr relief had almost come to be regarded as a settled source of income to which not stigma but respectability attached. The factories receiving subsidies from the Reich paid for work not done, and Labour became greatly demoralised in consequence. Side by side with these phenomena there grew up a lax toleration towards acts of violence, and a wholly immoral view of the duties and responsibilities of citizenship.

To any observer having a slight practical acquaintance with finance the marvel was not that passive resistance broke down so soon, but that it lasted so long. Although the crest was reached in March, the struggle was not officially abandoned by the German Government until the latter half of September. In the last resort a fight of this character must be primarily a matter of finance; the Cuno Government appeared to view it solely from the standpoint of national temperament and psychology and to miscalculate both. To go into war—and most of all an economic war—against a powerful enemy with one's own treasury not merely empty but deeply in debt, can hardly be considered a mark of high prudence. It recalled the methods of Herr Helfferich, to which were due the financial legacy of the war involving the very troubles that had brought about M. Poincaré's sanctions. Ruthless

taxation, coupled with a stiff levy on capital, might possibly at that stage have produced sinews of war, not enough to win, but sufficient to prevent a *débâcle*. On the other hand, they might also have had the effect of causing a still further flight from the mark. For the Cuno Government it can be said that there were no precedents or practice on record for its guidance. But what it did certainly provide is emphatic counsel against any future inflation. The taxes, such as were of temporary real value, were obtained almost entirely from the weekly 10 per cent deducted by the employer from his workmen's wages. Even then employers made a profit on the process. They could not help it; the money depreciated under their hands between the wage counter and the tax office and they had only to retain the difference. As for the taxes paid by the propertied classes, banking, trade, industry and agriculture, their net value by the time they came to be utilised in public expenditure was often practically nil. Their taxes, assessed at one stage in the fall of the mark, were inevitably paid at another and much lower stage. They had but to realise a few British Treasury notes or American dollar bills to meet the tax collector's demands originally framed to produce perhaps a thousand times as much. As for the contributions of capital, such as they were, they melted away as they came in. Unlike the war loans, there was little of the *noblesse oblige* that had characterised the more patriotic struggle. The Ruhr loan was a failure, the notoriety of which did much to widen the rift between Capital and Labour.

It is the purpose of these remarks to depict the effects of the Ruhr invasion and the German counter-measures with as little resource to statistics as is consistent with a clear statement. Yet it is impossible to neglect them altogether. On January 10, when the occupation of the

Ruhr by the French was begun, the pound sterling would buy 48,000 marks. By the middle of the month it would buy twice, and by the end of the month five times as many marks. There followed an attempt at stabilisation. The principles underlying it were technically unsound, and not even the promoters ever believed that it could be more than a temporary measure at most, giving them a little time to think, even though diverting the money it cost into the coffers of the speculative industrialists. It lasted down to the middle of April, at which point the controls became too expensive and were relaxed. At once the true measure of public confidence in Germany's destiny became apparent; by the middle of June the mark had fallen to 480,000 to the pound sterling, or ten times the rate of January; by the end of July it was 4,800,000, by the end of August 48,000,000, and by the middle of September 480,000,000. Thence it passed into astronomical figures of milliards and billions, with all the amazing accompaniment of trillions and quadrillions in the State accounting.¹

So stated, the figures merely bewilder. But in actual practice they were not difficult to handle. It made little difference to the simple transactions of daily life whether a strip of paper was called ten marks or ten thousand, ten million, ten milliard, or ten billion so long as it was agreed that it represented always the same payment for a given piece of work and could be made to buy the same quantity (or thereabouts) of food in the market.

The disadvantage lay in the fact that at certain intervals the one currency would be cancelled and the next

¹ By German reckoning a million is 1,000,000; a milhard is one thousand million, or 1,000,000,000; a billion is one million millions, or 1,000,000,000,000 One thousand billion should be a billiard, but the word was never coined. A trillion is a million billion, and so on

substituted. As a rule the change was gradual but continuous ; often, however, it took place with such rapidity that the new notes were not ready and the old ones had to do duty for them. As the progressive depreciation of the mark went on it became more and more difficult for the printing presses of the Reichsbank to keep pace with the demand ; hence the occasional dislocation of the currency, manifesting itself in a shortage of bank-notes and the circulation of notes of low value, necessitating payments of actually small amounts in vast quantities of paper of low denomination. It was in circumstances such as these that banks were obliged to send furniture-vans to the Reichsbank to fetch their current till-money and private persons to carry suit-cases instead of purses or pocket-books.

Had the Reichsbank been *de facto* an independent institution it might have prevented these developments by refusing to discount the Treasury bills of the Reich and so have stopped the printing presses. But it had to do what the Government told it, and so the output of paper money went on. Yet in terms of sterling the paper money in circulation was ever diminishing. In normal times before the war the amount of German currency in circulation was usually between £275 millions and £300 millions. During the occupation of the Ruhr, when Germany was being deluged with paper money, there were times when the total value of the Reichsbank issue at the current rate of sterling exchange might have been bought up for about £8 million. The reason was that nobody retained money. The velocity of the circulation increased enormously. The single aim of the holder was to get rid of it by acquiring for it something that would retain its value. This amounted to a virtual repudiation of the mark, which became the more evident when the German farmers refused to send the harvest,

one of the best for years, into the market in return for paper marks

Various measures were taken by successive finance ministers to lift the country out of the vicious circle. There could only be one cure—the balancing of the Budget by making revenue meet expenditure, and this could only be done by ceasing to borrow on bills for discount and by levying taxes on a basis of valorisation. But to do this, production must be set in motion to the fullest extent, and this in turn must involve the restoration of the Ruhr to Germany. But while passive resistance continued, the French declined to discuss any settlement; Herr Cuno and his Cabinet, on the other hand, refused to encourage production so long as the French remained in the Ruhr.

So the inflation of the currency went on, with all its natural consequences, and some consequences that were not natural but merely scandalous. The German industrialists, now a power within the State, arrogated to themselves special treatment in their dealings in foreign exchange, and profited by the depreciation to sell abroad at prices below the world's market price. They would borrow marks at the Reichsbank and—on the basis of the fiction that a mark was a mark, no matter what might be its value in exchange—they were required to pay back only a fragment of the sum borrowed. The cost of labour is the prime factor in production, and in normal times the average real wages in Germany had been about thirty-five shillings a week. But owing to the depreciation of the mark and the continuous rise in prices the average real wages came down to as low as seven shillings and a penny per week—and actually much less, because if any of it was not spent on the day on which it was received there was a prospect that it would have no purchasing value whatever before the week was out. The

industrialists were thus able to secure large profits, and in so far as they retained these profits abroad they enriched themselves. They were enabled to juggle with capital in such a way that it was difficult for their smaller competitors to escape from absorption or bankruptcy. It was not until the Ruhr struggle was abandoned and a fixed currency substituted for the paper mark that the revaluation of these vast profits showed how fictitious they were, and how weak was the capital with which the vast agglomerations of businesses were cemented.

This process of economic disintegration was accompanied by the beginnings of political disintegration. If to abandon passive resistance appeared impossible, the alternatives were worse. The proposal was put forward that Germany should leave the Ruhr and Rhineland to the French, withdraw behind a line east of the Rhine, repudiate all control, and arm for a war of reconquest. It had a great many supporters, chief among them Dr. Jarres, the Burgomaster of Duisburg, afterwards to be candidate for the Presidency of the Reich. The Cuno Cabinet seriously contemplated this policy for a brief while, and might even have attempted to put it into effect but for the strong opposition of the Socialists and Trade Union leaders. The industrialists of the Ruhr, for their part, were prepared for a solution on the lines of a separate state to include the Rhineland and the Ruhr. With them it was a question of finance, and they were willing to devote their profits to its establishment if they could see the prospects of success.

Just as the reparation question had become obscured through the infiltration of politics, so the problem of the Ruhr became overcast with that of security. At the time of the Peace Conference France, still quivering from the shock of war, had demanded from the other Allies a variety of guarantees to prevent a future attack from

across the Rhine. The guarantees obtained had not come up to French expectations as set forth in Marshal Foch's memorandum to the Allied plenipotentiaries of January 10, 1919. Three forms of security were possible —to make a solitude and call it peace, which was what the Germans had done in their retreat through Flanders and Eastern France ; to encircle Germany with a ring of Allied states, a policy that before the war had proved incapable of maintaining peace ; to make a pact on the lines of the triple pact proposed by M. Briand with a point directed against Germany, or still better a direct pact between France and Germany. The principle of a neutralised Rhineland area underlay all these proposals and assumed a new importance in consequence of the known support there was in Germany for the policy of Dr. Jarres. As a way out, the autonomy of the Rhineland as a separate state within the federation of the Reich was proposed. It was hopeless from the first. The notion then so widely held in Allied countries that the Rhineland would welcome dissociation from the Prussian regime was based on a fallacy. The Rhinelanders might dislike the Prussian jack-boot methods of administration, but they knew well, especially the educated classes, how much they owed to Prussia as the author of their prosperity. The Government of Herr Cuno was quite frank about its own attitude—a Rhineland question simply did not exist. Under the Weimar Constitution the Rhinelanders, if they had wished it, could have claimed a plebiscite. They did not do so, and if they had an adverse vote would have been a foregone conclusion. The Separatist movement fell under two heads. The one was a series of movements for an independent Rhineland republic, the successive leaders being three self-important nonentities named Dorten, Smeets, and Matthes. Their followers were composed of the worst

riff-raff, most of whom had been in prison and would have been equally at home in the ranks of the Communists or those of the Free Corps. They received the bulk of their support from French quarters which believed that any measures for the neutralisation of the Rhineland were worth trying. The other aspect of the movement came from the industrialist quarters, and had behind it solely the selfish interests of finance. These never actually came into direct negotiation with the French on a concrete basis of setting up a neutral state, though they came very near to it, and were only prevented at the last moment by firm action on the part of the Reichs authorities. It was perhaps just as well. It could have been to the advantage of neither France nor Germany that a powerful Rhine-Ruhr state should arise controlling all the rich wealth of coal and iron to be found in the district, sitting astride of the most important inland waterway of Europe and adding permanently by protective barriers to the Balkanisation begun by the Peace Treaty. The temptation of an alliance with a state of this character would permanently have wrecked all dreams of security. But Separatism had its most formidable opponent in public opinion. The real tendency among the governing classes in Germany is toward centralisation, though they have a long way to go before they can reach it. The lip service paid by German politicians to the peculiarities of the German tribes does but emphasise their kinship. Particularism, except in Bavaria, where it is carefully fostered for dynastic reasons, increases proportionately only as one descends the social scale.

In the course of the Ruhr struggle, when spirits were drooping and faith in passive resistance was clearly on the wane, the President and the Chancellor issued a manifesto remarking upon the callousness with which the possibilities of civil war were being openly discussed,

and condemning the public indifference towards this great danger. The reason why civil war was being thus discussed was that certain political classes had begun to perceive that the best way out of the Ruhr deadlock would be to widen the basis of the coalition so as to include the Socialist Party. The Bavarian Government, still under the influence of its experiment in Sovietism, thereupon caused it to be known in Berlin that if this proposal were realised Bavaria would be compelled to go her own way. In the interval of the Ruhr occupation the anti-Republican movements in Bavaria had made great strides. There had been a growth of the movement towards the restoration of the monarchy, even at the price of leaving the Reich. The patriotic societies had been encouraged by the Bavarian state authorities to develop their military activities as a substitute for conscription. The whole of Bavarian society was honey-combed with plots.

The two principal protagonists in the struggle that was to follow were Dr. von Kahr and Adolf Hitler. The Kahr movement, supported by the aristocracy and political bourgeoisie of Bavaria, was anti-Republican and dynastic, having as its chief object the restoration of the House of Wittelsbach. It was in permanent controversy with the Reich, being in constant fear that Herr Cuno would be confronted sooner or later with a second Treaty of Versailles and would be forced to succumb. The Hitler movement, which called itself National Socialism, was Republican, a weak copy of Italian Fascism, inspired by the cry, "Down with Marxism!" The leaders were half-educated fanatics, but they easily secured a following among the urban population which had no faith in Socialism and equally little in dynasties. The Kahr faction perceived in Hitler a dangerous rival. It became evident that the two movements must first settle with

one another before the patriotic societies outside Bavaria could make their decision or the Reichswehr take sides. Bavaria thus became the collecting-place for men, material and organisation. The Socialists of Bavaria stood aloof from the whole movement, holding that whatever Kahr or Hitler might say, there could be no question of a successful Bolshevik movement in Germany, and that therefore these arms and forces must be destined for use against the Republic.

It was otherwise in Saxony, in the main a Labour state with a Liberal outlook that long years of repression under the rule of the Albertines had failed to dim, and a highly organised industrial apparatus at armed peace with its employees. Politically, Saxony was the last stronghold of the revolution. There was a strong revolutionary party in the Diet, angered that the power had not passed to the working classes, while within this revolutionary section there was a strong current of anti-Republicanism and a leaning towards government on the Bolshevik model. The Coalition Government, in which the Socialists held the majority, had refused its support to a resolution in the Diet condemning the invasion of the Ruhr, and when, as the result of a defection on the part of the Liberal wing of the coalition, a vote of no confidence was carried, the Socialists and Communists, for the first time in Germany since the fall of the monarchy, began to join forces outside. The result was that the Socialists were drawn away from their Republican ideals towards the dictatorship of the proletariat, which was the aim of their Communist colleagues, while the mob in the Saxon towns under the direction of the instruments of Moscow showed its opposition to the Republic by licence and disorder. Serious unemployed riots occurred in Dresden in the latter part of May and in Leipzig in the early days of June. To some extent they may have been due to dis-

content at the high cost of living, but other forces were certainly at work. For some time previously Labour had been encouraged in the formation of "red" companies, originally because organised gangs from the patriotic societies had systematically broken up Socialist meetings. The impression created in other parts of the Reich and at the centre of government—and it proved the correct one—was that they had been formed to carry out the policy of Moscow. There may perhaps have been some truth in the accusation of the Socialists that the riots had been provoked in order that they might be suppressed with exemplary severity by the Reichswehr, and Saxony taught a lesson.

Meanwhile the struggle in the Ruhr had reached a deadlock. A proposal made by Great Britain that France should allow the normal economic life of the Ruhr to be restored and that Germany should simultaneously cancel the proclamation of passive resistance had no result. But there was this difference—France could look on while Germany drifted to ruin. There was a logical inference to be drawn from this, but it was not within the power of Herr Cuno to act upon it. Too deeply committed, he could only resign, and the threat of the Socialists to introduce a resolution of no confidence into the Reichstag condemning his inactivity offered him the necessary chance. He forestalled it by sending in his resignation and that of his Cabinet to President Ebert. Therewith the way was clear for Herr Stresemann, the leader of the People's Party, to form a coalition with the Socialists on the widest possible basis with a mission to clear up the mess in the Ruhr and make a fresh attempt to re-start the economic machine.

CHAPTER XIV

THE THREEFOLD CLIMAX

THE man now called upon to take Germany's fate into his hands and lift the country out of the slough into which it had fallen was Dr. Gustav Stresemann, destined for a long time to be identified with the policy he then initiated. He received his mission to form a Cabinet at a moment when it seemed as though the complete overthrow of parliamentary government was at hand. Powerful forces were at work to do away with it and to return by way of a dictatorship to Bismarck's system of ministers untrammelled by responsibility to parliaments. To some extent Dr. Stresemann himself shared these views. He was not a Republican, and though a lifelong member of the Reichstag, he believed that the Weimar Constitution had given it powers that would have been better wielded by others. He was disposed to regard his task as a final attempt to govern Germany by parliamentary means, and there is no doubt that this view was widely shared. In the eyes of most political thinkers in Germany, his attempt had a striking similarity to that of Prince Max of Baden at the close of the war. The end of that attempt was a dictatorship, in parallel political conditions there seemed every possibility that the outcome would be the same.

Dr. Stresemann, however, brought with him a personality well adapted for the work in hand. By origin a Berliner of the bourgeoisie, he had been all his life associated with the politics of big business. After a

brilliant University career he became organiser to a group of Saxon industrialists. This position led him into the Reichstag as a member of the old "National Liberals," a Party not less conservative than the Liberal-Unionists of Mr. Joseph Chamberlain's days. He had watched over the interests of his industrialists in the years of naval and colonial rivalry, and when the war came as the crown to the expansionist policy of his Party he was one of the hardest of the Annexationists. During the revolution the nationally-minded bourgeoisie showed every sign of being stampeded into sheer nationalist conservatism or democracy. It was then that he skilfully rallied the fragments to his banner and formed the German People's Party. As its leader he maintained his faith in the monarchy and in Germany's greater destiny, while accepting the Republic until such time as a restoration to some other form could be made by parliamentary means. It was an almost ideal creed for a liberator at a time when victories could be won only by the force of public opinion.

He formed his Cabinet on August 13, 1923. Its composition was governed by two circumstances: the fact that he was obliged to include in it a leaven of Socialists, and the nature of the threefold task it would be called upon to perform: liquidation of the Ruhr struggle, the settlement of the strained internal relations, especially with Saxony and Bavaria, and the stabilisation of the mark. They were formidable indeed. Dr. Stresemann knew well that, with the abandonment of passive resistance in the Ruhr, the passions whipped up by the Cuno Administration would burst forth into excesses all over the country. He did not know what form they might take, whether they would be worse among the Communists or among the extreme Nationalists, and he did not know what forces were at his disposal to fight those who challenged the authority of the Reich. The Reichswehr

was at best an uncertain instrument, with a habit of conducting its own policy quite independently of the civil power. The police were under the control of eighteen Federal State Ministers of the Interior, a heterogeneous force, the Reichs Minister being as a general without an army. It was not a good background for a dictator, and it is easy to understand his attitude of distrust towards dictatorships. If the "Strong Man" could be discovered, he argued, he would be just as well able to govern by parliamentary methods as by blind force. And just then Germany showed no striking wealth of "strong men."

Four Socialists had been selected by their Party to hold office in his Cabinet, the Chancellor had little voice in their selection, which was considered a matter for the Party managers. One of them, Robert Schmidt, had held office on several previous occasions as Minister for Economic Affairs, another, Dr. Radbruch, the new Minister of Justice, had been prominent in the affairs of Saxony. The Ministry of the Interior was placed under Herr Sollmann, of Cologne, a prominent Labour journalist, chosen for his knowledge of conditions in the Rhineland and the Ruhr and for his active opposition to Separatism. The fourth was Dr. Hilferding, who came in as Minister of Finance. By origin a Viennese, and by profession a doctor of medicine, he had become prominent first of all in the Trade Union movement, and afterwards as an economic expert, especially on questions of industrial nationalisation. He was one of those Socialists who had seceded to the Independents during the war. Since then he had studied currency questions to good purpose and had evolved a plan for stabilising the mark, one of the chief merits of which was that it recognised the impossibility of stabilisation while passive resistance continued.

There was much to be said for a coalition on so wide a basis—"from Stresemann to Scheidemann" was the



DR. STRESEMANN

phrase adopted—but it had an inherent disadvantage which ultimately caused its downfall. By the constitution of the Socialist Party the new Socialist ministers were delegates, not representatives. In all their decisions their assent or refusal was conditional upon the approval of their Party, and Party decisions were almost invariably taken by vote. The Socialist Party at that stage had not long previously recovered its unity, or at least had succeeded in presenting the appearance of unity to the outside world. Within the Party the rift that had separated Socialists into “the Majority” and “the Independents” still persisted. There was thus a strong right wing (to which the ministers belonged) perpetually confronting a left wing almost as strong, and apt to be swayed away from the Cabinet in any circumstances where feeling ran high or the rights and privileges of Labour were involved. The nature of that influence upon the Cabinet can best be imagined by remembering that of the Independent Socialists reunited to the parent body a large number had at one time belonged to the Spartacists or Communists, and were even now separated from them only by the flimsiest of political partitions.

So far the occupation of the Ruhr had been a twofold failure. The expectations of the French had not been realised. With Germany refusing co-operation, force had not proved a very satisfactory substitute. In the campaign of passive resistance the German leaders had repeated all their blunders of the war, both material and psychological. Having made no financial preparation for the fight, they yet counselled their followers to hold out to the utmost, and deceived them as to the real state of affairs with an effrontery and an economy of truth equal to anything perpetrated by the German General Staff in the war. When the consequences proved that theirs was really a policy of bankruptcy and the crash not far off,

they had begun to cast round for intermediaries, and were as surprised as ever when these good offices were not forthcoming.

The attitude both of the Government and the public had undergone a very considerable change in the period that had elapsed since January, when every criticism of passive resistance had been denounced as "treason." By the time Herr Stresemann's Cabinet was in control the Ruhr was costing the Reich about £2,000,000 a day, practically the same as the cost of a day's war in 1917. There came a point at which the game of "passing on the cost" was no longer operative; there was no further class to carry it. Production had practically ceased, and the speculators, safe with their compensation money, were making their ventures in other fields. The mark was being repudiated, and payments for the ordinary necessities of life were being made in kind. In some cases the factories paid their men partly in bread and only partly in paper marks, and as they bought the bread on credit with depreciating paper they did not lose by the transaction. But gradually the boycott of the towns by the farmers, who refused to sell for worthless paper, called forth the bread queue, and with it the excesses that usually accompany hunger. Gangs of men would form, roam through the streets, suddenly descend upon some food shop, pillage it clean, and then melt away. Deputations of angry, determined men sought audiences with deputies in the lobbies of the Reichstag. In the Ruhr the population was demoralised with doles. Ever-widening circles claimed support, and poor-relief ceased to carry any stigma. There were even cases where persons deliberately sought expulsion at the hands of the French for what it would bring them.

Passive resistance, so far from attaining its political object of strengthening German unity, simply encouraged

disintegration. After the earliest centripetal movement at the time of the revolution, such success as had attended the Rhineland Separatist movement had been due to French agitation. There were Germans to be bought, not less in the Rhineland than in the rest of Germany, though of such a quality that they were dear at any price. As passive resistance progressed, the attractions of the French franc brought new sympathisers, especially among the agricultural population. Soon the idea had gained hold in more expert circles, as the Rhineland industrialists seriously examined the possibilities of a Rhineland ‘ gold bank ’ and a separate Rhineland currency. The project was openly discussed, and the French occupying authorities were sounded as to their attitude towards it. Monetary separation would, of course, merely have been a prelude to political separation. At this point the abandonment of passive resistance was seen to be imperative.

Other considerations were at work in the same direction, into the details of which it is not necessary to enter. The whole was obscured by the exchange of Notes which rapidly degenerated into a juristic controversy, likely to lead nowhere. The British law officers had taken the view that the occupation of the Ruhr was illegal, and the Germans attempted to play this card against the French. In this they failed, since neither French nor British allowed their subsequent attitude to be influenced Dr Stresemann’s offer—that if the Ruhr were given back to German control, then after a breathing space Germany would harness all her resources for a settlement of the reparation problem, while having regard for her own needs—was flatly rejected. His French antagonists did not believe that the real wealth of Germany had been touched. They argued, from the manifestation of luxury and the great programmes of construction that were being carried out, that a Germany which could afford these things could

afford to pay her debts. It was an illusion, since both merely represented the transfer of wealth from one set of Germans to another, a very different question from the transfer of wealth across frontiers. But Germany was finding by bitter experience that it was easier to get the French into the Ruhr than to get them out. Even were passive resistance ended, it would be necessary to find some guarantee that payments should be kept up. Without it, why should they go ?

Passive resistance was thus seen to have failed. The great German trump card had been played and lost—the bluff had been called. The Federal Premiers were summoned to meet in Berlin on September 25 for the purpose of discussing what was a foregone conclusion. After hearing the reports and the arguments of the Chancellor, they agreed unanimously that it must be abandoned “for internal and financial reasons,” and they merely expressed the hope that it might be done in a dignified manner. A proclamation was issued two days later cancelling the various ordinances issued to make it effective. The movement subsided at once. This fact is the best commentary on the assertion of the Cuno Government that it had been spontaneous.

Forthwith the Government attempted to meet the coming storm by placing the executive power in the hands of Dr. Gessler, the Reichswehr minister, and declaring a state of siege. In effect the office of dictator was put into a commission, for the minister was the instrument and not the administrator of the Reichswehr, and his dictatorship was a mere sham. The Socialists accepted the step almost without a murmur. The only opposition came from the Bavarian Government, which issued its own proclamation, declared its own state of siege, and appointed Dr. von Kahr as its own dictator, with the title of Commissioner-General.

As part of the procedure necessary to prevent disturbances from arising, the Generals commanding the Reichswehr districts were given dictatorial powers locally. Therewith General Lossow was appointed to Bavaria, General Müller to Saxony, and General Reinhardt to Thuringia. Saxony was already on bad terms with her neighbour Bavaria, diplomatic relations having been broken off in connexion with the activities of the Saxon police against Bavarian protégés implicated in various political murders. Monarchist Bavaria could only view with alarm the prospects of united action on the part of Socialism and Communism in industrial Saxony, which was coming to be regarded as the state selected by the Russian Bolsheviks to smooth out the glacis for the further advance of the world revolution. It was notorious that Trotsky firmly believed the conditions there favourable for a successful Communist revolution, which was to spread throughout Germany. The Reich took the obvious precautions. The increase of civil disorder had already resulted in a strengthening of the Saxon garrisons, and the Saxon Government had protested, but the Reichswehr Ministry put it off with a formal declaration that the transfer was merely one of convenience and conformity. Affrays between unemployed and police had become frequent in the industrial towns, especially in Zittau, Chemnitz, and Plauen, and during September the Communists sought to consolidate them by calling a general strike. Fortunately it met with no response.

In Prussia and Bavaria civil commissioners were appointed as executives to the military, but not in Saxony or Thuringia. Saxony's request that a civil commissioner should be appointed was curtly refused on October 3, 1923, and a similar application by Thuringia met with the same fate. In both states this had the effect of driving the Socialists and Communists closer together; in both

states also negotiations were in progress for a Socialist-Communist coalition, and the leaders on both sides agreed to keep each other informed. These actions may have been partly due to fear of Bavaria and the conviction that Prussia was holding the scales against these more advanced states. The Communists, acting, as it appeared, in communion with Moscow, decided to enter the Saxon Cabinet, and a new Government was formed at Dresden on October 10, with Dr Zeigner as Premier. In this Cabinet the Communists received three portfolios Comrade Boett-scher became Minister of Finance, Heckert Minister of Trade, and the notorious Brandler Director of the State Chancery. The other four seats in the Cabinet were held by Socialists of the redder type It called itself the Republican Proletarian Government of Saxony, its programme being "to avert the danger of a pan-capitalistic military dictatorship," which it affected to believe was imminent. For this purpose it placed in the front of its programme the formation of "proletarian companies," a high-sounding phrase which meant the arming of the working classes. It declared that its only object in doing so was to protect the Republic. This may have been true of the Socialists. It certainly was not true of the Communists, for the only danger that threatened the Republic in Saxony proceeded from them. General Muller, adopting the convenient attitude that these troops were terrorising the older and more orderly Trade Unionists, and were violating the true equality that was the basis of German liberty, ordered their disbandment. The Premier, Dr. Zeigner, retorted that a Republic which had proved so incapable of living up to the broad lines of its constitution seriously needed overhauling. Meanwhile the Communists used the opportunities given them by their official positions to propagate their doctrines of violence. Comrade Boett-scher, in a ministerial speech at Leipzig, openly proclaimed

the dictatorship of the proletariat. This was too much for Dr Stresemann, already beset with difficulties on all sides, and on October 26 the Government of the Reich, in defiance of all custom, delivered an ultimatum to the Saxon Government curtly ordering it to resign. At the same time General Muller placed the Saxon police under the immediate command of the military, thereby practically embodying them, and greatly increased the forces at his disposal by the enrolment of volunteers in the Reichswehr. Saxony retorted by the declaration of a general strike, which, however, was referred to an Action Committee, to be set in motion if the Reichswehr took further military steps. But General Muller was in no mood for nonsense ; the Reichswehr, with artillery and machine-guns, marched in and occupied a strategic line. The troops soon came into collision with the civil population, first at Pirna and secondly at Freiberg, where twenty-three civilians were killed and thirty-one wounded in a single burst of machine-gun fire.

This gave both sides something to think about. The leaders of the "proletarian companies" discovered that their men had no stomach for a revolution on these lines. As on a former occasion, Trotsky and Zinovieff had misjudged the position. The history of 1919 repeated itself. At the height of the Ruhr struggle the revolutionary spirit in Saxony rose to a point at which it might have found an outlet in action, but when this was not forthcoming it ebbed, a mass rising cannot tolerate deliberation and delay. As in the Ruhr, Moscow blundered in its judgment of the German workman's mentality. It was in any case far from assured that if chaos had been produced the Saxon Communists would have been capable of exercising control on the Soviet model.

The Government of the Reich, considering that matters had gone far enough, at last consented to appoint a civil

commissioner for Saxony, and sent Dr Heintze, the new Reichs Minister of Justice, to Dresden with full powers. The new commissioner made short work of the Socialist-Communist coalition. With the aid of the military he occupied the Saxon Diet, threw out the ministers, in some cases by the application of physical force, and formed a provisional Cabinet of officials. It showed the Federal system under Prussian leadership in a new light. The Saxon Government protested against these indignities, which was all it could do. Still protesting, Dr. Zeigner and his Cabinet resigned ; the military were withdrawn, a Socialist of more moderate views was elected Premier, and the commissioner retired. One of the first legislative acts of the new Government was to cancel an agreement with Soviet Russia for " food credits," which had been drawn up by its predecessors. Meanwhile Comrade Brandler fled to Moscow. Dr. Zeigner was hustled into a judgeship by his friends in the hope of getting him into safety, but in due course was arrested and condemned on a charge of corruption. Saxony was normal by November 6, and Thuringia, where a similar experiment had been attempted, was likewise disillusioned.

Signs were not wanting that a more serious attempt might soon be expected from the opposite camp. There had been a sudden, and almost inexplicable, outburst of mutiny at the fortress of Kustrin, in which a section of the Black Reichswehr began a revolt against the civil authority, which was suppressed with a minimum of bloodshed in a few hours. It was believed that this was part of a North German rising which had been intended to synchronise with the revolt that was preparing in Bavaria, and that it had come into the open too soon as the result of imperfect co-ordination. The circumstances in which it was allowed to develop have never been properly cleared up. That there was collusion between

potential rebels in Prussia and others in Bavaria was, however, common knowledge.

The inclusion of Socialists in the Cabinet of the Reich was regarded by Bavaria as marking a further stage in the struggle between their National-Christian outlook and the Marxist-International outlook of Berlin ; indeed, Bavarian statesmen habitually adopted this superior attitude in their communications with the Reich officials. Dr. Stresemann naturally declined to accept this interpretation of his motives. But after a conversation which he had with Dr von Knilling, the Bavarian Premier, at Mittenwald on August 24, 1923, he could have had no doubt that they were sincerely held. Dr. von Knilling, with engaging frankness, warned him to resist the Socialist influences of his Cabinet unless he wished to forfeit the good opinion of Bavaria. He explained that Bavaria's only desire was to save Germany from these influences and preserve the unity of the Reich, which could best be done by a dictatorship. They feared otherwise that the Stresemann coalition might be compelled to give way before a radical dictatorship as a prelude to the reintroduction of the Soviets. Bavaria, he assured the Chancellor, would in that case know how to do its duty for the maintenance of the Reich and the defence of German interests against so supreme a blunder, and was in any event determined to resist all North German interference with its own peculiar rights.

With the abandonment of passive resistance in the Ruhr a month later, the Bavarian Government, ignoring the Reich altogether, placed the supreme power into the hands of Dr. von Kahr, as General Commissioner. Dr. Gessler, as Military Dictator of the Reich, had also given supreme control to General von Lossow, in command of the Seventh (Bavarian) Division. But the Bavarian dictatorship had long been contemplated, and the two

had intended from the first to form, with the Chief of Police, Colonel Seisser, a Bavarian Triumvirate, their dictatorship to be regarded as a signal to other parts of Germany that the time had come for the counter-revolution. All plans had been made ready for the establishment of a new regime throughout Germany, proceeding outwards from Bavaria, based on political pressure, backed by the Reichswehr and the patriotic associations and supported by such powerful bodies as the Land Union, the industrial federations, and the cartels. Von Kahr was actuated by the ideals of Pan-Germanism, tinged perhaps with admiration for the historic glamour of the Holy Roman Empire. He regarded himself as the Stateholder of the Monarchy and invariably referred to Prince Rupprecht as "His Majesty." His scheme was to set up a non-party directory which was to overcome the economic and political difficulties thought to be due to the decadence and disintegration of Berlin. He was quite prepared for strong measures, but he believed that if he were supported by a determined military executive, Berlin would respond to political pressure. He entertained the naive belief that Berlin was awaiting liberation from Marxism at the hands of national Bavaria, and that the goal could be best achieved by going back upon the centralising influences of the last five years of the Republic to the decentralisation system of Bismarck.

For military support he intended to rely upon the Bavarian patriotic associations in conjunction with the Seventh Bavarian Division of the Reichswehr, commanded by General von Lossow. Under the centralising influences of the Republic the Bavarian Division was only nominally territorial, the old Bavarian army having been disbanded during the revolution. The Division therefore was strictly under the supreme control of General von Seeckt. Whether by accident or design, however, it was soon brought under

the supreme control of General von Lossow and detached from the main body of the Reichswehr, the occasion being the refusal of General von Lossow to carry out an order from the Central Government to suppress the *Völkische Beobachter*, a notorious Bavarian newspaper of particularist tendencies. A show of controversy was made with General von Seeckt, who proclaimed von Lossow's action to be unconstitutional and mutinous and ordered von Lossow to resign, but took no serious action. Relations between the Reich and Bavaria were forthwith declared suspended ; by Dr. von Kahr's orders the taxes collected were not remitted to Berlin, and the Reichsbank gold deposited at Nuremberg was impounded. The whole had the appearance of having been elaborately staged.¹

The Reichswehr Division was formally sworn-in to allegiance to the Bavarian Government, and the Triumvirate thus had the nucleus of its military power. Dr. von Kahr proved to be wrong, however, in his expectation that he would get the support of the Bavarian patriotic associations, since only the *Einwohnerwehr* (now called Bayern und Reich), composed of older men with no military outlook beyond home defence, showed any disposition to rally to him. Meanwhile the Triumvirate was in communication with reactionary groups in Berlin for the formation of their Directory. Conferences were held with Admiral von Tirpitz, with Admiral Scheer, with Herr Stinnes, Herr Minoux, and other leaders of North Germany for setting up a "Directory of Three Strong Men," one of whom was to be Field-Marshal von Hindenburg. It was to be established without bloodshed and in a constitutional manner, backed by the Reichswehr, but there was to be an end of parliamentarianism.

¹ There is good reason for believing that the Cuno Government was kept informed of the preparations in their early stages and gave tacit consent to the steps taken.

Unfortunately for the hopes of Bavaria, opinion was divided among the people chiefly concerned as to the best methods of attaining the end they all desired. A second Party believed that more drastic methods would be required to detach the Marxists of Northern Germany—as they were accustomed to call them—from their allegiance to the Republic. This movement, which had taken for its model the successful Fascist movement of Italy, had for its leader Adolf Hitler, who had been President of the National Socialist movement in Germany since July 1921. Hitler, a native of Vienna, had been apprenticed to a house painter, and from being a Socialist was driven by his own violent anti-Semitism into the ranks of the other extreme. He first came to Munich when the war broke out, and he served in the German Army, subsequently acquiring German nationality. Modelling himself on Mussolini in all but political intelligence, he cast himself for the part of a German Gambetta, for which he was totally unequipped. Though combining sincerity with a gift for glib oratory and more than a touch of megalomania, he was a complete stranger to the realities of politics, and seemed lost in a world of fantasy as he delivered his harangues, a mixture of anti-Semitic hatred, pose, and vanity. In his ecstatic visions he saw a dictatorship with himself as President of the Reich, destined not only to restore order in Berlin, but to operate beyond the German frontiers and liberate Germany from the consequences of the lost war. He, and not Dr. von Kahr, had fired the imaginations of the younger men. The background of his military force consisted of the ~~National~~ Socialist storm troops, the Bund Oberland, both with some experience of casual fighting within Germany, a body of irregulars called the Reichskriegsflagge, and a mass of more or less organised youths. These forces were permeated by odd elements of soldiers of fortune from

the Free Corps, and the whole had been superficially trained for field work, chiefly in the form of manœuvres, by ex-military officers with the help or connivance of the active Reichswehr. They even possessed a few field guns captured in Silesia. Hitler's plan was to march on Berlin, overthrow the Central Government, proclaim himself President, and set up a new Cabinet under the military dictatorship of General Ludendorff. He did not disdain republics, but only the existing Republic. When his mission was accomplished he intended to leave the work in other hands.

This movement constituted an embarrassment to the Triumvirate, which greatly feared the consequences of precipitate action. They were afraid that if Hitler moved before they were ready, the French, and possibly also Poles and Czechs, might intervene, and this might provide the signal for a Communist rising in Saxony. They also feared that the powerful elements in North Germany on whom they relied would refuse their help if Ludendorff and Hitler were associated with the leadership. They saw the Reichswehr being compelled to take sides and the situation developing into something like the civil war of 1866. They were determined to oppose it. Having taken steps to make sure that they could rely on the Bavarian Reichswehr and police to suppress by force any precipitate attempt on the part of the rival group, they caused Hitler to be warned. At the same time they sought to win over to their views General Ludendorff, who since the Kapp rebellion had lived in Munich surrounded by conspirators. Ludendorff wavered between the two movements. His support was of value because of his following in the Reichswehr, especially among the officers below field rank, though he miscalculated his influence among the seniors and staff who in case of a difference were certain to follow the lead of General von Seeckt. The absurdity of Hitler's

military schemes was explained to him. He was told what the attitude of the Reichswehr and police would be, and the scheme for the Directory was laid before him. He had no faith in the Bavarians; he hated all Jews, Catholics, and Socialists; he called himself a Pan-Prussian and dreamed of liberating the Bavarians from the shackles of Rome. He seemed to be persuaded. But once again he was talked over by Hitler, who held before his eyes the glamour of a new national Army, the long-deferred levy *en masse*, for which he had prepared a scheme of frontier defence, and the embodiment of all irregulars. Hitler refused flatly to have anything to do with Dr. von Kahr. That a march on Berlin on the lines he was preparing could injure the carefully built up fabric of German reconstruction that had been going on since 1920 he simply could not believe, and all attempts to persuade him as to the military consequences of his plans were hopeless.

While these negotiations were in progress Hitler, driven forward by the followers to whom he had promised so much, was pressing for a decision. On October 24, 1923, the movement had mobilised a portion of its forces and a screen of troops had been flung across the Thuringian frontier (whence no danger whatever threatened Bavaria) under Captain Ehrhardt, with headquarters at Coburg. The military display angered and alarmed the Socialist-Communist Government of Thuringia, which obtained from the Reichswehr minister assurances that no advance would be allowed and that the police and Reichswehr were sufficiently strong to prevent a Bavarian invasion. However, this guarantee was not considered worth much, as it was practically certain that, if the movement were successful in Bavaria, Reichswehr and police would go over to it. By November the Hitler party had decided for action. Perhaps they realised that the justification for their plans was slowly disappearing. The Socialists

had turned against the Stresemann Government; while the Socialist-Communist Governments of Saxony and Thuringia were already wilting before the firm hand of their respective military dictators. Hitler made his plans known to the rank and file of his followers—a Hitler-Ludendorff dictatorship, first to secure control in Bavaria and then the march via Red Thuringia upon Marxist Berlin. He and his leaders arranged a last discussion with Dr. von Kahr in the hope of carrying the Triumvirate with them, but without success. On the following day at a secret conference of the group commanders it was decided to act immediately, and orders were issued to the patriotic associations to mobilise for the march. The order came into the hands of Colonel von Seisser, and created consternation in the opposite camp, which could not be ready with its own preparations for another ten days or a fortnight. Meanwhile the Hitler group, who greatly mistrusted Dr. von Kahr, thought it would be a good plan to extract from him a formal anti-Marxist declaration, and for this purpose on the eve of their march they staged a public meeting in the great hall of one of the leading breweries, to be addressed by Dr. von Kahr and General von Lossow. The meeting took place, the hall being picketed by the armed guards of the patriotic societies. In the midst of the proceedings Hitler himself, surrounded by his bodyguard, made a dramatic entry, forced Dr. von Kahr and General von Lossow at the point of their pistols into an adjoining room, fetched General Ludendorff, and compelled Dr. von Kahr and General von Lossow, under threat of immediate assassination, to pledge their active support. Ludendorff declared that he was committed to the adventure and pleaded with General von Lossow as an old comrade in arms to join him. Confronted with the pistols of the bodyguard, neither Dr. von Kahr nor General von Lossow had much option in the

matter. Whispering to Dr. von Kahr that it was a case for play-acting, General von Lossow slapped his hand into that of General Ludendorff and agreed to join. Dr. von Kahr, after a real or simulated struggle with his conscience, also gave his consent. The two then left, morally disguised as Hitlerites, but in reality still his opponents. They met at the Infantry School, and having there ascertained that the 7th Division of the Reichswehr still supported them, they made for Nuremberg, whence they sent out a wireless message dissociating themselves entirely from the Hitler rebellion. At the same time Ehrhardt and his troops in the field went over to von Kahr. Hitler meanwhile had gone on with his mobilisation. Having formally proclaimed himself President of the Reich, and having announced Ludendorff as military dictator, he placed the majority of the Bavarian ministers under arrest and seized the Wehrkreis Commando, which he occupied as headquarters. He then proceeded to assign to his supporters the various high offices of Bavaria and the Reich. The news reached Hitler and Ludendorff in due course that, in spite of the declarations made in the brewery hall, the Triumvirate had deserted them. They perceived that in these circumstances their movement had little chance of success. However, they were determined to go through with it—indeed, they had now no chance to retreat. At headquarters they passed an uncomfortable night, and the cold dawn found them deliberating what they should do next. Six o'clock came and with it the necessity for action of some kind, if they were not to cover themselves with ridicule. They found that the Reichswehr and police had taken up positions in the adjacent streets. Forming themselves into a procession, they left the Wehrkreis Commando to the care of Lieutenant Rohn, and with General Ludendorff at the head, followed by Hitler, the staff, and a strong body-

guard, they began a march which was intended to be a demonstration of their cause. But being armed, the cortège could only be regarded by the military as a movement against the flank of the soldiers detached to lay siege to the Wehrkreis Commando. At the Hall of Victory (a Bavarian copy of the Loggia di Lanzi), in the heart of Munich, they came into collision with pickets of the Reichswehr and police. Shots were exchanged, and one or two men on both sides were killed or wounded, when Ludendorff strode forward and the fighting ceased. Such of the Hitlerites as could escape stampeded, Hitler among them; while Lieutenant Rohn surrendered the Wehrkreis Commando, being able to do nothing else. As for the patriotic associations, mobilised for the great march on Berlin, when they learnt that their military leader, Captain Ehrhardt, had declared for the Triumvirate, they sheepishly turned in their arms and were dismissed to their homes. Three days later Hitler was captured at Uffing on Lake Staffel, offering no resistance.

There was a good deal of recrimination between the supporters of Hitler and those of Dr. von Kahr, the former saying that if the Triumvirate had kept its word and accompanied them, North Germany would have risen as a matter of course; while the latter asserted that the prospects of their movements had suffered shipwreck because of the ignorance and impatience of Hitler and his supporters. There is no doubt that both were victims of a good many illusions, and their determination may perhaps be measured by its collapse at the first collision in the streets of Munich. Yet had their plans gone aright, their rising might have assumed a very different complexion. Possibly they overestimated the support they would have found in Northern Germany and underestimated the resistance they were likely to encounter from the supporters of the Republic. There were many

who believed that civil war and perhaps a European upheaval were avoided only by the dissension of the leaders. In any case, the throw was lost for Dr. von Kahr's movement as well as for Hitler's. The Triumvirate realised that there was no prospect for their dictatorship. The Reich was compelled to take its own measures, and General von Seeckt was forthwith appointed Dictator with full powers to restore order both in the Reich and in Bavaria. There was little need, however, for drastic action. The storm had passed, and the restoration of order was proceeding in almost automatic sequence.

CHAPTER XV

THE STABILISATION OF THE MARK

THE first Stresemann Cabinet had been formed for the definite purpose of fulfilling concurrently three tasks. Two have already been described—the liquidation of the Ruhr struggle and the restoration of internal order, especially in Bavaria. The third was the stabilisation of the mark and, as part of this process, the removal of the reparation question from the domain of politics to that of economics, its proper sphere. The whole comprised an extremely difficult and delicate task, demanding technical skill quite as much as political tact.

Dr. Stresemann had intended to work without dictatorial powers if possible, and he had hitherto opposed all attempts to deprive the Reichstag of its constitutional rights. He therefore began his tasks on parliamentary lines, in co-operation with his Socialist colleagues. Socialist Party discipline, however, rendered liberty of action impossible. Every decision had to await the approval of the party managers, and it soon became clear that if anything was to be done quickly the Chancellor would have to work not only without Parliament, but possibly without his Cabinet as well. As soon as passive resistance had been formally abandoned by the September decree, the first care of the Cabinet was to restore working order in the industries of the Ruhr, and for this a stable currency was indispensable. The task of stabilising the mark, already of imposing dimensions, became more formidable with each day's delay. It required rapid and

drastic action, and there was no hope of this while every act of the Cabinet was liable to the cumbrous decisions of the Socialist Party machine. The Chancellor, still unwilling to resort to a crude dictatorship, conceived in its place a Powers Bill, by which he could keep to the outward forms of parliamentary Government and yet be free for independent action. Basing his demand on financial and social-political grounds, he applied to the Reichstag for special powers. Not altogether without reason, this demand was first interpreted by the Socialists to represent an attack on the eight-hour day. There had been an armed truce between Capital and Labour in Germany for some time past, but the industrialists had made no secret of their aims—to get all they could out of the new Government while it lasted—and the first among the demands they had preferred when Dr. Stresemann took office were that, as the price of their support, the working day should be lengthened and that legislation should be promoted for reducing their contributions to the social insurance scheme.

The immediate struggle was short and sharp ; the Socialists, while giving way on the general question, gained their point as to its Labour aspects. They agreed that abnormal times warranted abnormal methods, but they were firm in upholding the last remaining privilege of the revolution. Dr. Stresemann resigned as a formality, but returned with practically the same Cabinet, save that he dropped Herr Hilferding, the theorist Finance Minister, and brought in Dr. Luther, who had had a vast practical experience in the financial administration of large cities. He ran his Powers Bill through the Reichstag on the following day. It authorised him to take such steps as he thought necessary in the financial, economic, and social field, but expressly excluded all tampering with the eight-hour day and social insurance.

Stabilisation, or at least a good working substitute, could now be attempted. The necessary framework was ready. Strictly speaking the mark never was stabilised ; Germany merely made a fresh departure on a new currency, the old having been annihilated ; the word "stabilisation" is therefore to be understood in this sense. The committee of experts called it "an unstable equilibrium." Several persons claimed the credit for inventing the scheme finally adopted, Herr Hilferding, Herr Helfferich (who more than anybody was responsible for the system which had brought about the mark's collapse), Dr. Hjalmar Schacht (afterwards to become President of the Reichsbank), and a host of financial publicists, professors of economics, Government experts, and others. The resultant scheme, however, was really a synthesis of several, and in its final form was perhaps the most ingenious piece of financial make-believe ever devised. Its best recommendation was that it arrived at the precise moment.

How necessary some form of stabilisation had become was evident from the last stage of the mark. It is not proposed here to reproduce the diagrams and tables showing the stages of the mark's decline, with the astronomical figures of the exchanges, revenues, currency circulation, and floating debt. They can be found elsewhere, and even so they represent names rather than actual values. It is sufficient to say that though the circulation of the Reichsbank rose to 400 trillions of paper marks, this represented but one-fourteenth of the normal amount of currency required, that the internal national debt of Germany at market rates was worth about £50 in gold ; that the total revenue of the Reich during the last month of the inflation represented less than £30,000, and that the privately issued emergency notes, over which the Government and the Reichsbank

had no control, amounted to about 400 trillions or the equivalent of the Reichsbank issue. (Perhaps it was even higher ; in the chaotic condition of the time there was no means of knowing) The Reichsbank had in its employ some 2000 persons engaged solely as overseers in banknote printing works, banknote paper factories, transport agencies, and so forth.

The mark was swamped in its own deluge. It ceased to exist as a standard for measuring value. Prices were made, first on a basic figure subject to a multiplicator which fluctuated daily and almost hourly, and then in a fictitious gold mark at an imaginary exchange of 4.20 gold marks to the dollar. This price moved upwards as the paper mark exchange fell ; this linking of the mark to the dollar and pound led to a demand for money in these currencies, with the result that pounds and dollars became eagerly sought after to the continued detriment of the exchanges. At the end of the week or month queues of employees, who had just drawn their wages or salaries, were to be seen forming outside the unofficial exchange offices and mushroom banks in order to put their money into foreign currency before it dwindled away, and, when in attempts to control these banks, their ultimate suppression followed, flocking to the numerous street-corner money-changers and speculators. A very large amount of foreign money was in circulation—or being hoarded—in Germany at this time. Two circumstances had contributed to this. The one was the somewhat naive belief on the part of foreigners that the mark was a desirable object of speculation. The belief persisted long after the last possibility of appreciation had disappeared. It was estimated by a committee presided over by Mr. Reginald McKenna that the amount of marks bought by foreigners or taken up by them as credits, and then completely wiped out by the inflation, was about 7000 to 8000 million gold

marks, and that the sales of marks abroad amounted to 600 to 700 million gold marks. The total was equivalent to between £380,000,000 and £435,000,000. The foreign banknotes in circulation at the end of 1923 were estimated at about 1200 million gold marks or £60,000,000.

This would have provided a valuable background to the finance policy of the Government, but the difficulty was to direct the flow of this money towards the Reichsbank. Few of the measures adopted could be made effective. Illegal dealings were severely punished on the few occasions on which a prosecution could be brought, but this deterred nobody. A controller of foreign exchange was appointed, but he took a curiously restricted view of his tasks. Police raids were instituted on cafés, restaurants, and even on streets near the banking quarter of Berlin, private citizens being compelled to turn out their pockets and exhibit the contents of their note-cases. Needless to say, such arbitrary measures were no more effective in staying the fall of the mark at home than were the Government's own attempts through the Reichsbank to support it abroad. Meanwhile, as the velocity of the circulation from hand to hand increased, the Reichsbank had the greatest difficulty in keeping pace with the demand for small change. Occasionally it miscalculated the speed of the fall and made issues of banknotes or minted token-money which were valueless, because by the time they reached circulation their face-value had ceased to exist.

The forging of banknotes after a first brief period of prosperity ceased to be worth while. The forgers, not having sufficient vision to foresee the headlong depreciation, usually wasted their labour by producing notes in denominations already superseded, and forgers even went to penal servitude for counterfeiting money that could never have had the slightest spending value. Local

banknotes, more or less honestly produced, were even more frequently overtaken by the rapid fall. The communes, in their civic pride, often expended upon their notes the genius of highly skilled artists, and some of them were very fine examples of the colour-printer's art. They became a collector's object and for a time formed a subsidiary branch of philately or numismatics.

The social effects of the mark's decline were more serious. The upward trend of food prices and the increasing worthlessness of the paper mark threatened the cities with starvation. Agricultural labour insisted on being paid in kind. Farmers refused to accept paper marks for their produce, and fed their grain to the pigs rather than send it to market. A food shortage was the natural consequence, and when the queues, always fomenters of discontent, began to form outside the bread shops riots and plundering soon followed. Groups of exasperated men invaded the lobbies of the Reichstag and demanded action ; demonstrations were promoted by the Communists, counter-demonstrations by the patriotic societies, and the savage repression of both was carried out by the police. Yet the harvest was excellent. Germany during this period presented the strange spectacle of a country living from hand to mouth amid plenty.

It was in these dark days that the Rentenmark scheme was got ready. Its principle was simple enough. A mortgage of 3200 million gold marks at 6 per cent was raised on "the agriculture, trade, and industry of Germany." On this "security" mortgage bonds were to be issued bearing interest at 5 per cent. These certificates provided cover for the issue of Rentenmark notes, and were designed to maintain them against parity. The notes in exchange had the value of one Rentenmark to one billion paper marks in the currency of the Reichsbank,

which in turn had a nominal exchange value in the open market of 4.20 to the dollar. The whole project thus relied on the security of a mortgage which could not really have been foreclosed. It is the perfect example of the restoration of confidence by a confidence trick.

Had there not been both within Germany and abroad the desire to be confident and a firm faith in the material possibilities of recovery (the real security), stabilisation on these lines would not have been possible. But given these conditions it was safe to proceed with the technicalities. It was first necessary to put an end to the practice of the Government borrowing on Treasury bills and discounting them in exchange for Reichsbank paper. Under the pressure from the Reparations Commission the Reichsbank had already in 1922 been granted autonomy; tradition, however, was too strong for its director and the power was not used. But in August for the first time the Reichsbank directorate uttered the warning, in the circumstances equivalent to a threat, that it might have to cease discounting the Government's bills for the purpose of breaking the vicious circle. Of course, to make stabilisation sure it would also have been necessary to put an end to the unlimited granting of paper mark credits in any form, even to commerce and industry, though this was not generally perceived at the time. But in any case the whole plan was foredoomed to failure unless the note printing press was stopped, and to achieve this State expenditure must be covered by real taxation.

Thus the only way to break the vicious circle was to raise the level of the taxes and compel the taxpayer to pay them in the gold value at the moment of collection so as to prevent his profiting and the State's losing by the continued depreciation of the mark. It was obvious that before this could be done the State must have some ready money to cover current expenditure. Therefore,

as part of the stabilisation scheme, the Reich was given a credit amounting to 1200 million Rentenmarks, of which 900 million were to be added to the increased taxation revenue to balance the Budget, and 300 million were to be devoted to the re-purchase of paper marks. The remainder of the Rentenmark issue was to be divided between a credit to the Reichsbank and credits to the industrial producer.

It was necessary also, if stabilisation was to be successful, that public expenditure should be reduced. Just as payment in paper marks had demoralised the taxpayer, so the ready recourse to the discounting of Treasury bills had played havoc with official ideas of economy. At a time when State officials were most in demand to carry through this difficult transaction the interests of retrenchment demanded a drastic reduction in their numbers and rate of pay. Both tasks were equally difficult, the Reichstag being peculiarly susceptible to political pressure from the organised unions of the State employees. But armed with its new Powers Law, the Government could face a transport or administrative strike with far greater confidence. Thus there was now some prospect of bringing about an equilibrium in the finances of the Reich. It was not less essential that the Federal States, municipalities, and communes should be made to balance their Budgets and stop issuing paper money of their own printing.

The peculiar structure of German finance, deep-rooted in ancient custom and tradition, and sometimes complicated by age-old obligations to defunct royal houses, greatly complicated this problem. Quite one-third of the gross receipts from taxation were earmarked for the Federal States ; they had other sources of income from local taxation, and most of them enlarged their incomes by State trading, the exploitation of forests, mines,



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power, and so forth. As part of their resources, the Reich's income-tax was assigned to them to the extent of quite 75 per cent, if not more, and this meant that the Reich, in order to raise money for itself by income-tax, had to raise many times as much for the States, municipalities, and communes. These thus obtained large amounts of unnecessary money, and as there was no relation between their resources and their obligations, wasteful expenditure was the result. It had always been so, and it was one of the reasons that had induced Herr Erzberger to attempt the centralisation of German finance. There was something radically wrong about a system which, when the Reich was in severe monetary difficulties, resulted in the communes receiving a surplus so large that they were at a loss how to spend it, and were devoting it to the construction of such public works as athletic stadiums and marble swimming pools. It is a most cogent argument for a reform of the financial relations between the Reich and the States.

The first act of the Government after passing the Powers Bill was to put the Rentenmark scheme into effect. At the same time a diplomatic offensive was decided upon for the purpose of persuading the creditor nations and their experts that Germany's ability to pay had been seriously compromised. The Rentenbank, set up on October 13, was to be formally opened on November 15. With the loan to the Reich and the help of the expected increases in the revenue receipts it was hoped to cover expenditure and balance the Budget—or rather to give the Budget the appearance of being balanced, for so long as the liability for paying reparations remained no real balancing was possible; and even this pseudo-balancing of the Budget could only be accomplished if the new taxes were promptly paid. Meanwhile authority was given to Dr. Schacht to keep a watchful eye on the

currency. It was, of course, manifest that at this stage Germany could not make any payment whatever on reparation account, but to forestall any sudden action the Government addressed a Note to the Reparation Commission expressing its willingness to resume deliveries under the Treaty of Versailles, while at the same time demanding an examination of Germany's capacity to pay, as provided for in Article 234 of the Treaty. Two days later the French Government gave its formal consent to an inquiry by a committee of experts.

The printing of further paper marks was stopped on November 16, 1923. In the meantime, as has been described, the Bavarian revolt had been attempted and had failed, and as the result of this and other signs of unrest General von Seeckt, Commander-in-chief of the Reichswehr, had been appointed Dictator for the whole of Germany, the Constitutional Guarantees under Article 48 of the Constitution being suspended. His dictatorship was carried out with considerable energy, though with little display. For example, he quietly declared the Communist Party illegal, and ordered it to be suppressed, subsequently doing the same for the Volkisch (Fascist, or National Socialist) Party. Though he did not succeed in suppressing them he drove both parties underground, where they carried on a great deal of plotting and even planned further assassinations, but without in any way interfering with the safety of the State.

Just as the Rentenmark scheme was about to be put into force a strike of banknote printers broke out in Berlin and other centres on a question of wages. It was remarked at the time that had the printers ceased work at an earlier stage they might have saved the State an infinity of trouble, since stabilisation would then have automatically enforced itself. Coming at the moment when the Rentenbank was about to set up, it had an

unfortunate effect, in that it delayed the rapid issue of the notes, upon which all depended. An insufficient quantity was ready. Had they been available to the amount calculated, the Government could have begun sooner the process of withdrawing paper marks in large quantities, and so have compassed stabilisation at a rate considerably better than 18 4 billion to the pound sterling. Not more than 80 million marks of Rentenbank notes were ready by November 15. This meant that the issue was very much retarded, and the Government was at first tempted to wait. Happily wiser counsels prevailed. Not even the delay caused by the strike, or a Socialist vote of no confidence in the Reichstag, was suffered to prevent the Rentenmark from being put into circulation forthwith. A long political crisis ensued, at the end of which Dr. Marx formed a Cabinet without the help of the Socialists, retaining Dr. Stresemann as Foreign Minister and Herr Luther as Minister of Finance. The Second Powers Bill was now passed with the assent of the Socialists, the Reichstag was adjourned, and a committee of fifteen members was set up to keep a nominal watch on the proceedings of the ministers who were engaged in seeing the task through. Thus the fiction of parliamentary government was maintained.

It was amid such distractions that the operation of putting the Rentenmark into circulation was carried out. It more than once narrowly escaped failure. Delay alone nearly destroyed public confidence in it. Few people believed in the scheme, the most optimistic view being that it might be worth trying. Many feared that the remedy might prove worse than the disease. Newspaper jeremiads foretold that it would completely disorganise industry and lead to further unemployment, possibly accompanied by disorder. Stabilisation, in fact, was shown to be more dangerous than the creeping paralysis

that had settled upon Germany's economic life, and when the demand for Rentenmarks failed to be met it looked as though the confidence trick lacked the first elements of its success, namely, the credulity of the public. The need for a stable currency, however, was insistent, and as soon as the limited supply appeared the demand grew brisk. Though it could only be met in part, the notes being put into circulation by the method of using them to pay officials' salaries, the status of the Rentenmark was established from the moment of its first appearance. Though by the end of November not more than 700 million marks had reached the public, and the operation was not completed till long afterwards, no further doubts arose. There was a little confusion at first, caused by the apparently complex ratios between paper marks, gold mark, and Rentenmark, which led an eminent authority to observe that "it was like an inversion of the Athanasiian Creed—there was not one incomprehensible, but three incomprehensibles." But a public which had learnt to calculate in billions soon adjusted itself to the new order.

Since large and influential sections of the trading community had consistently profited by the inflation, and stood to lose much of their gains by stabilisation, it was not to be expected that they would allow the operation to take place without some attempt to prevent it. Apart from the strike of printers, the Bavarian rising and the Cabinet crisis, the Rentenmark scheme was called upon to withstand three separate assaults. For a long time, indeed, the first of these had all the appearance of succeeding. The victory of the Rentenmark depended upon the control of the exchange rate. This was not difficult in Berlin, Hamburg, or Frankfurt, but the Bourse at Cologne lay outside the reach of the Government and the Reichsbank, and it could avail itself of the

shelter offered by the occupation of the Rhineland. While the rate was held in all the other leading commercial centres, and remained steady at 4.20 billion paper marks to the dollar, at Cologne it went to 10 and even 11 billion, a "Black Bourse" or clandestine exchange, formed in Berlin and Hamburg, buying foreign exchange for sale in Cologne at rates higher than those of the Reichsbank. For a few brief weeks the wave of speculation rose. At last it was realised that the Reichsbank had it in its power to break the assault by keeping a strict control of Reichsbank notes; it held on till the Cologne rate "cracked" and came down to the level of the rest of Germany. Thus the first victory for the Rentenmark was won.

The second assault was fought round the private note issue. The output of these authorised or unauthorised notes—and it seemed as though the latter were in the majority—had been particularly heavy in the Rhineland and in Westphalia, where they had become almost an integral part of the local industrial life. The burgomasters and even industrial corporations had issued their currency almost wholly without reliable security. Determined to get back the control of the note issue into its own hands, the Reichsbank announced that it would refuse to take local notes in payment after November 22, 1923, at the same time requesting the issuers to redeem such as it had on hand. Most of the issuers had no means of doing this and they faced the discredit of default with a very bad grace. Some of them, indeed, resented the abolition of what had become a source of local income. Protests and intrigue proving alike unavailing, great excitement prevailed among those note profiteers when it was seen that the Government was in earnest. The Ruhr industrialists threatened to set up their own bank of issue, but ultimately they were bought off with promises

of compensation. A month's grace was given in January for the redemption of the notes, and on its expiry those still in circulation were declared valueless. Thus the local notes disappeared and the second victory of the Rentenmark was won. Had the Reichsbank and the Currency Commission shown the slightest weakness the scheme must have been wrecked.

The third assault came from the Government itself. As has been explained, the Reichsbank was now autonomous, and to the surprise of the Finance Minister it showed that it was determined to exercise this autonomy. The habit of borrowing had become so strongly ingrained that the officials of the Treasury had done their best to secure as much paper money as possible before the date on which the note printing presses were to be stopped, in order, as they explained, to have a good reserve in hand for emergency. In the process of balancing the Budget the allotted 900 million Rentenmarks was soon absorbed, it had disappeared by the end of December. January therefore had to produce sufficient revenue to cover current expenditure. The task seemed so obviously impossible that the Finance Minister, perhaps growing a little faint-hearted by the way, put forward the usual demand to the Reichsbank for fresh credits. He was flatly refused, greatly to his astonishment. Undaunted, he approached the Rentenbank and attempted to persuade the directors to give the Government the necessary credits by increasing the amount of the Rentenmark loan. It would, of course, have been the beginning of a fresh inflation, and the request was refused. The third victory was won, and it was now evident, even to the Treasury, that those in control really meant what they said.

Germany was still not safe from all danger of further inflation. The Rentenbank, while refusing to give credit to the Reich, gave extravagant credits to industry, a

piece of oversight which nearly led to the collapse of the scheme, as its effect must have been to increase the circulation of Rentenmark notes, and ultimately to depreciate them. The Reichsbank for its part also continued to give large credits to industry, and the paper mark circulation began to rise once more. There was one remedy—to close the account and give no credits in excess of the amount already assigned. At last this step was taken, and after April 7, 1924, further credits were refused. This was the vital turning-point.

The step had an immediate effect not only upon the trading community but on the whole life of the country. Being unable to borrow from the Reichsbank, the business world was obliged to look for its working capital elsewhere. To raise money⁴ shares and goods had to be rapidly disposed of, and the fallacy of putting money into unrealisable security, such as the extension of buildings and plant, became painfully apparent. Forced sales brought down prices, the demand for credits sent up the rate of interest, and the improved attractions of the money market at home caused German capital to return from its hiding-places abroad whither it had fled for investment during the worst of the inflation. This stage of the recovery was marked by a period of spurious prosperity. The purchasing power of the working classes, now receiving its wages in money that did not melt away in its hands, suddenly increased enormously. Shops and warehouses, almost denuded during the inflation, could at last replenish stocks, and this led to a brisk demand upon the manufacturer, bringing with it greatly improved employment.

But this could not last. There was a severe shortage of capital throughout the whole country. The old accumulations were gone, and where fortunes had not been frittered away they had been locked up in forms

that defied rapid liquidation. In every branch—trade, industry, banking, agriculture—an exhaustive overhauling and cutting-down now began. The painful process of consolidating watered share capital was taken in hand, revealing the precarious status of firms hitherto deemed unassailable. Redundant staffs rendered necessary by the unreal processes inflation had brought in its train had to be turned off to swell anew the ranks of the unemployed. Large numbers of firms, the sole excuse for which had been the opportunity to profit by the inflation, found their means of subsistence gone as soon as the currency was stabilised. They disappeared, leaving behind as the only trace of their former existence the swollen statistics of bankruptcy. Some, to save their last resources, sought to amalgamate with others in a hardly less parlous state, the whole to be swallowed up by slightly stronger amalgamations, and so forth till something like a healthy equilibrium was reached. Even those undertakings which by a process of absorption had obtained control of whole branches of industry from the raw material to the finished article, together with the allied transport and distribution—familiarly known as the vertical trust—had the unsoundness of their methods rudely brought home to them the moment they were forced back upon the principles of legitimate finance. Indeed, the great Rhineland and Westphalian trusts, such as those formed by Hugo Stinnes and his many imitators, shook to their rotten foundations and in the long run failed to survive. That Germany withstood this period without more permanent injury to her credit abroad can only be ascribed to the latent strength still residing in German industrial organisation.

When the worst was over and the oscillations became less frequent, the German trading world turned once more, this time in somewhat chastened mood, to the

foreign market. In the new rush for capital it found the world, and especially the United States with its glut of gold, quite ready to lend, though the terms of security and interest left no doubt in the mind that inflation was a luxury which in the long run had to be paid for. And so long as the borrowed money was spent in production the results might have been very satisfactory. They were likely to be less so when the tendency developed to use the money for consumption and not for production, and to overlook the fact that the interest had to be paid in some form of foreign exchange, the provision of which constituted a great strain on the Reichsbank. However, by the end of 1924 it could be said that in so far as the strictly financial and commercial life of the country was concerned, and disregarding the burden of reparations, Germany was well over her difficulties. The bulk of the internal debt had been wiped out and a Budget surplus was in sight, so that the Government, for vote-catching reasons, could even begin to think of compensating the despoiled holders of the State bonds; it could make large grants to trade and industry, it could organise new credits for agriculture, and it could agree to hand over a lump sum of some 700 million marks to the very Ruhr magnates who had been at the root of all the trouble. And by a curious process of reasoning the investing world appeared only too anxious to secure an interest in the future prosperity of Germany, on the ground that the security was good because the country was practically unembarrassed by debt. Such are the rewards of Repudiation.

In the struggle between Capital and Labour that had gone on side by side with Germany's struggle against France in the Ruhr, the community of interests, established as between employer and employed from the first days of the revolution, failed to survive. There is no

doubt that it had greatly contributed to preserving the organisation of both economic and civil life through the most difficult period. But it had served its turn. The relations between the Trade Unions and the employers, especially in Western Germany, became strained after the events in the Ruhr, especially on account of what Labour looked upon as the treachery of the employers with regard to the eight-hour day and social insurance. The best solution would have been a thorough reorganisation of the whole means of production, a truth the Trade Union leaders perceived before it occurred to the industrialists. Both sides had agreed in 1922 that a thorough investigation should be held, but the French invasion of the Ruhr prevented it from being begun. The industrialists, who for the most part were supporters of the dictatorship regime which was to be launched in co-operation with Bavaria, had pinned their hopes on the discipline that was to follow this counter-revolution of force, and they believed that under the shadow of its support they would be the more easily able to secure their ends—longer hours, lower wages, and less collective bargaining. By the end of December, however, the Trade Union leaders were discussing whether the truce was worth going on with, and they came to the conclusion that it had become impossible. What remained was the overhauling of the means of production, concentration of processes, the standardisation of types, the elimination of the weaker units of production, better distribution, and amalgamations to reduce overhead charges. These reforms, destined to have a far-reaching effect on Germany as a competitor in the world's markets, are still in progress.

CHAPTER XVI

THE DAWES PLAN

WITH the abandonment of passive resistance in the Ruhr, the collapse of reaction in Bavaria and Saxony, and the introduction of a stable currency, a great change came over Germany. It was as though the rank and file, as well as the leaders, had suddenly become aware that the road along which they had been so confidently marching led to an abyss, and that they had been brought to a halt on the brink only by pure chance. It did not require much perception to see that if they had allowed themselves to be carried over the ledge there would have been a speedy end to the unity of the Reich, whether Monarchy or Republic. "This Republic" might be held up to scorn from Munich and Dresden to Mecklenburg and East Prussia, but there was no immediate alternative to it. Evidently it was not to be summarily disposed of by mere violence. The revolution and two counter-revolutions, such as they were, had failed, and the points of issue between the different camps—Bolshevist, Republican, National Socialist, Monarchist—remained as far from settlement as ever. All that offered was a truce at home and the best peace obtainable with the enemy outside.

In the months that followed the November disturbances, when the best brains of Germany were engaged in restoring order among the chaotic finances, it was as though not merely the economists but also the political leaders took stock of the position. They too had suffered

from a kind of inflation, and the cold dawn of reason that followed upon failure revealed their weakness only too plainly. The patriotic societies—the Bavarian Particularists, the Rhineland Separatists, the Saxon Bolsheviks, the Monarchist plotters of Prussia, the industrial overlords of the Ruhr—had been living above their political means. Like the economic inflationists, they had sought to “get rich quickly,” and in the process allowed themselves to be deceived by the same illusions. Politically and economically the end was the same. Reparations were not to be disposed of by treating them as though they did not exist, and to do so was to court a double bankruptcy. The malcontents were thus forced to face realities and consolidate their ideas, a process which proved hardly less painful than the concentration of capital. They faced it in the same grim spirit, as a ritual of purification before Germany could once more set out on the path of her destiny that had been interrupted by the war.

Even in Bavaria light dawned. The Bavarians behaved as the most truculent members of the Federated Reich, but the last thing they really desired was to break with it. Besides, most of their objections rested on the false assumption that the Reich drew a handsome surplus from Bavarian taxation, whereas for years the Reich had been creditor on balance. Attempts on the part of Bavaria to assert itself as a sovereign Power had merely created embarrassments for the Foreign Minister of the Reich. By the terms of the Constitution, foreign affairs are the prerogative of the Reich, and the principal reason for the existence of a Foreign Ministry at Munich is Bavaria’s desire to preserve separate diplomatic representation at the Vatican. The differences with the Reich were, in fact, largely sentimental, and while a permanent settlement might present great difficulties, a temporary arrangement

proved easily possible. Accordingly the Bavarian Government, doubtless acting on the principle of asking for everything in the hope of getting something, opened the discussion with a memorandum on Bavarian rights and privileges which, where it did not falsify historical precedents, ignored them. The Reich, it argued, could not claim rights over Bavaria in excess of those agreed upon in the Federal Contract of 1870, otherwise the result would be the "degradation" of Bavaria to the status of a province. Therefore Bavaria demanded as the best, and indeed the only, solution that the Reichsrat (the Chamber representing the various States of the Reich) should be raised to the status of the Federal Council as constituted under the Kaiserreich, with rights of legislation and decree transcending those of the Reichstag. Bavaria, while still requiring a share in the Reich's taxes, sought to recover old lapsed rights of fiscal autonomy that would have carried with them a very much larger measure of control over public finance. At the same time the Bavarian Government proposed to revive particularist privileges with regard to the Army, railways, and Post Office within the Bavarian borders.

For the Reich, pledged to uphold the principle of a United Germany, this would have been a retrograde step, and it would moreover have brought forth the bitterest opposition from Republican Centralists at a moment when it was highly desirable that these passions should be allowed to subside. The Chancellor (Dr. Marx) could only reply that, while both the historical assertions and the proposals themselves were likely to be the subject of acute controversy, the Reich Government was prepared to discuss them in principle, keeping always in view the unity of the Reich; and he slyly assumed this to be the spirit that had inspired the document. Therewith the Bavarian Government had to be content for the time being.

The military aspect of the dispute was settled by the voluntary resignation of General von Lossow and the appointment of General Kress von Kressenstein in his place, an undertaking being given at the same time that the Commander of the Reichswehr in Bavaria should not be removable, and Bavarian troops should not be employed outside Bavaria, before the Bavarian Government had been consulted. A modification of the military oath was also decreed, whereby the soldier was pledged to defend not only the Reich but also his "home state" (*Heimatstaat*), though there was nothing to show which was to take precedence in his loyalty. The arrangement was confirmed by an exchange of views between Dr. von Knilling, the Bavarian Premier, and General von Seeckt, the Commander-in-Chief of the Reichswehr, and the whole laid down in a subsequent agreement known as "The Peace of Homburg."

The state of siege was now raised for the Reich in all but a few minor restrictions upon public liberty, but provision was made for excluding any Federal State, if necessary. Bavaria, with its own state of siege in full operation, promptly availed itself of this power, thereby confessing anew its inability to govern without instruments deemed superfluous by the rest of the Reich. Dr. von Kahr resigned the General Commissionership; that office was then abolished, the powers hitherto exercised under it being relegated to the Presidents of the local Government districts. However, as Dr. von Kahr was himself one of these, he thus retained some measure of his past glories and could continue, though on a less strident note, his campaign for the restoration of the Bavarian crown. As for Colonel von Seisser, he had secured, or thought he had, an undertaking that he was not to be victimised. It was not kept, and when, after weeks of protest, he refused to resign his post as Chief of the Police at Munich he was

summarily dismissed : but the decree was not carried out. Hitler, Ludendorff, and those of their associates who had found themselves on the wrong side in the November rising, stood their trial before the Bavarian People's Court at Munich. It ended with the acquittal of Ludendorff on sentimental rather than legal grounds. Hitler received a sentence of five years' fortress detention, but it was never intended that he should serve it. Bavarian public opinion would not have tolerated severity.

The discredited Bavarian Government in due course handed in its resignation to the Diet ; but the subsequent election effected little change in the representation of the parties. A new Government was formed by Dr. Held, an uncompromising Bavarian, who in his first speech took occasion to say that the Federal States must learn to live with the Reich in mutual confidence, but that where the particular circumstances required it, and without prejudice to the interests of the Reich abroad, he would not shirk a conflict, though he did not anticipate one. General von Seeckt had already come to the conclusion that order had been sufficiently restored for him to lay down his special powers, and to propose to President Ebert that when the Powers Law lapsed on February 15, 1924, it should not be renewed. Later on, when he reviewed this period of his dictatorship, he expressed the belief that the development of events in Bavaria, had it gone on unchecked, would have brought about a civil war between two parties almost equal in strength, and would most probably have ended not in the victory of one or the other, but with their mutual exhaustion. Germany might then perhaps have been reduced to conditions not dissimilar from those that followed upon the Thirty Years War.

These were the last echoes of the lost struggle in the Ruhr. If there was any satisfaction to be derived from

the outcome, it was that throughout Europe the minds of men had been cleared as to what was possible in the way of reparations after the devastations of a great war. Hitherto the French had looked upon their claims as related solely to their needs. It was not merely that they required a sufficiently large sum to meet their inter-Allied debts, but they had also the largest bill for internal war damages. Their attempts to collect payment by the direct method in the face of what they regarded as wilful default were perhaps not unreasonable, but they were certainly ineffective. The German view that the "productive pledge" system would not pay France proved the right one. The revenues from coal taxes, Customs, export duties, deliveries in kind, forests, farms, and fines were offset by the cost of maintaining an expensive personnel and an Army to protect it. France wrung some thousands of millions of marks out of the Ruhr during the period of occupation, but the net return was far less than that paid by Germany up to the time of the Wirth Government's collapse. The pledges, in fact, were not productive, and the effect of their enforcement was to prove that the payment of reparations on a scale even approximating the requirements of the creditor nations would be impossible so long as the Ruhr remained occupied.

In one sense a great opportunity was missed. The abandonment of passive resistance might have offered the precise moment for a Franco-German understanding on a basis far wider than reparations. Some time before the decision was taken the French Ambassador in Berlin informed Dr. Stresemann, on behalf of M. Poincaré, that he was ready to begin negotiations within twenty-four hours for the settlement of reparations and other differences, provided the German Cabinet would order resistance to be abandoned. But when at last the offer was accepted, and passive resistance was declared at an end, M. Poincaré

quibbled on formal points. He may have had right and reason on his side, the German attitude, thanks to outbursts in the Reichstag and outside it, was not such as to inspire confidence, and public opinion in France may have been difficult to manage. It was, however, a great misfortune for Europe. The French, who seemed gifted with a genius for everything but friendship, did not then perceive the advantages of security they might have obtained for themselves by a less restricted and less material policy.

For the time being, however, the French remained in the Ruhr; they continued to operate the Rhineland and Ruhr railways with their own personnel, and the deliveries in kind, now consolidated into the M.I C U M.¹ agreements, were duly continued. These latter were the outcome of negotiations in October and November by the Rhenish-Westphalian mine-owners with General Degoutte on the one hand, and the Reich on the other, for a period which was due to expire on April 15, 1924. While they lasted they served a useful purpose. But the friction that had accompanied the whole attempt to exploit the economic resources of the Ruhr was proof enough that the system could not be continued indefinitely. Not what the Allies required, but what could be got out of Germany, was now to be the deciding factor.

This solution of the problem involved the co-operation of Germany, and the differences with the Reparation Commission were such that the direct method of negotiations had become impossible. The proposal to submit the whole question to arbitration had been put forward on several occasions by successive German Governments, but it had invariably been rejected, sometimes by the Allies, and sometimes by the proposed arbitrators themselves. Suspicion as to the motives actuating the request was

¹ Mission Interalliée de Contrôle des Usines et Mines. The initial letters gave the name to what were called the Micum Agreements.

always present. Dr. Simons's appeal to the President of the United States at the time of the London Ultimatum in 1922 was then universally condemned as a piece of bad tactics and as lacking in dignity. Yet the American answer, though unsympathetic, had revealed the deep interest of America in a speedy solution, and it is permissible to think that had the German Government of the day taken a broader view of its capabilities, which were deliberately and consciously understated, a settlement through the co-operation of American financial economists might have been attempted with the prospects of success. As time went on and the position grew steadily worse, the idea of exploring the possibilities ~~with~~ the aid of neutral experts, preferably including Americans, took firm root in Allied countries, especially Great Britain. It is unnecessary to follow it through the various stages of its development.

The important departure was made on December 29, 1922, by the American Secretary of the State Department, Mr. Hughes, who, in the course of an address delivered before the Historical Society at Newhaven, Connecticut, declared that the first condition of a satisfactory settlement of the reparations problem was that it should be lifted out of the domain of politics. To this end he proposed a Commission of Experts of such standing that their decision would be accepted as a verdict. He laid it down as axiomatic that the problem must be regarded solely from an economic standpoint, and that the demands upon Germany must be limited by Germany's capacity to pay.

The declaration made a great impression everywhere. In Germany it was hailed as the first glimmering of justice. By July 1923, some months before passive resistance was abandoned, it had become an integral part of the British Government's reparation policy. Lord Curzon, in a dispatch dated July 20, 1923, made the following

proposal : "A body of impartial experts to be set up, charged with the duty of advising the Allied Governments and the Reparation Commission respectively as to Germany's capacity to pay, and as to the mode of payment to be prescribed. The co-operation of an American expert to be sought and arrangements made for German experts to be consulted and heard."

It soon became known in Germany, where every move that could be turned to Germany's advantage was being carefully watched, that this proposal had been made by Great Britain to the other reparation creditors, and that they had seemed not disinclined to accept it. Immediate support was given to it in Germany, and all the instruments of propaganda, both in Europe and in America, were set in motion to give it publicity. The Germans had an economic interest in a solution on these lines, perceiving that the revival of American intervention in European affairs presented opportunities that might not recur. No German Government could have refused consent to the proposal—the responsibility would have been too great—and the Government in power was too closely dependent on industrial support to have done otherwise than acclaim it. Therefore, when the conditional consent of America was given, the reparation question assumed an entirely new aspect.

The assent of France having been obtained in principle, the Committee of Experts was formed under the chairmanship of General Dawes, for the purpose of devising a plan that should lift the problem of reparations out of the political ruts in which it had become embedded and establish it on an economic plane. The work was apportioned between two committees. The first was charged with the task of advising as to the means to be adopted for balancing the German Budget and the measures to be taken to stabilise the currency. The task of the second

was to consider the means by which the amount of German capital abroad could be estimated, and also how it might be induced to return home. The first committee met in Paris on January 14, 1924, and visited Berlin for investigations on the spot on January 29. The second committee met in Paris on January 21, and also pursued its researches in Berlin. After exhaustive inquiries, the two presented their reports to the Reparation Commission on April 9. There is no necessity to recapitulate their findings, which formed an accurate and impartial survey of the economic position in Germany such as had never before been attempted in any sovereign land.

The experts approached their task from the standpoint of business men, and considered political factors only in so far as they affected the practicability of the plan. They accepted the principle that "Germany must pay" and that Germany should be taxed at least as heavily as the victorious states. As the internal debt of Germany had been wiped out by inflation, they proposed to take into the service of reparations an amount not less than that which would have been applied to the service of the national debt had it remained. They postulated, however, that military occupation must not impede the free exercise of economic activities and that there must be no foreign control other than that proposed in their plan. Real stabilisation and the balancing of the Budget were the basis of the scheme, and to ensure the continuance of both a new Reichsbank was to be set up in place of the old, managed by Germans, but controlled by a joint board of Germans and foreigners. Its capital and reserves against note issue were to be on a gold basis, the money for the capital to form part of the 800 million gold marks external loan which was to tide Germany over the first year's payments.

The scheme provided for payments on a rising scale for

the first five years. The revenue was to be derived from a Budget surplus (i.e. from taxation) secured on certain revenues from articles of consumption such as tobacco, beer, sugar; the German State Railways were to be converted into a limited company, which was to issue bonds bearing interest at 5 per cent assigned to the scheme; railway preference shares were to be created and sold to the public; debentures were to be raised on German industrial undertakings; there was to be a transport tax; and an "index of prosperity," based on such factors as total exports and imports, railway traffic, the consumption of sugar, tobacco, beer and alcohol (all indicators of prosperity or decline), the consumption of coal (an indication of the rise and fall of production), and the population, was to provide a sliding scale so that the annual payments might ultimately increase. The purpose of the index was that if by its showing Germany should appear more prosperous in any particular year, a percentage would be added to the sum to be paid in that year. The creditor nations thus became partners interested in the welfare of Germany.

The Experts estimated that in a normal year, that is to say after a five years' transition period had been passed, and beginning therefore with the financial year April 1, 1928, to March 31, 1929, the German Budget would contribute 1250 million marks; interest from railway bonds, 660 million marks; interest from industrial debentures, 300 million marks; and the transport tax, 290 million marks; making a total of 2500 million marks, to be increased in subsequent years according to the percentage calculated from the index of prosperity.

There remained the question of transfer. Experience had shown that payment of reparations in Germany and payment of reparations to the Allies were two different things; the one represented transfer of wealth from

Germans to Germans (represented by the Reichsbank) ; the other (from the bank to the foreigner) involved the process of exchange and so menaced the currency. The Experts did not solve this problem, but they did the next best thing : they arranged that the Allied creditors should continue to take delivery in kind as far as possible, and they set up a Transfer Committee empowered to decide the rate and extent to which the money paid by Germany could be converted into foreign currencies. The various revenues were placed under Commissioners appointed by the creditor nations, and the whole put under the directing control of an American "Agent-General for Reparation Payments," with an office in Berlin.

The second Committee duly reported on the steps to be taken for the purpose of inducing German capital to return home for investment in productive enterprise. It is to be noted, however, that German capital could only be brought back if conditions were sufficiently attractive for it. Capital in this respect may be compared with religion in the Middle Ages. Just as the mediæval citizen who desired to perform an act of piety had no care whether he dedicated his shrine or founded his charity in one country or another, so the modern capitalist invests in foreign enterprise without regard to the benefits that may accrue to a strange land or the inconveniences that may be suffered by his own. In the one case the spiritual return, in the other the material, is all that matters. By the time the second Committee reported, Germans with investments abroad had already begun to realise them and transfer the proceeds home. The continuation of the process depended chiefly upon stability in Germany, and this in turn involved a balanced Budget, supported by an adequate revenue. And since reparation payments were to be a charge on this revenue it necessitated an inquiry into all the possible sources—direct and indirect taxation,

Customs and Excise, railways, public enterprises, banking and industry—a sufficiently comprehensive task. Since reparation payments had hitherto always been followed by the collapse of the exchange, the further problem of transfer (or the method by which payment could be made) required that the steps to protect the currency against depreciation should also be considered. The extent to which the problem has been mastered can only be shown by the results of experience as time goes on.

There was a fundamental difference in principle between the reparation clauses of the Peace Treaty and the provisions of the Dawes Plan. Versailles had laid it down that Germany must pay, a policy, as Mr. Ramsay Macdonald put it, that not only failed to yield the expected reparations, but also led to unsettlement, aggressive militarism, and a fear which overshadowed all sense of security. The Dawes Plan, based on a self-adjusting sliding-scale estimate of what Germany could pay, recognised obligations not only on the part of Germany, but also on the part of the Allies. Naturally the German Government, with the prospect of negotiating for the first time on a footing of equality, approached the scheme in a very different spirit. It was in the interest of Germans to carry out any scheme which assured the continuation of stability. It got rid of "sanctions," it regulated transfers. In the event of its proving unworkable, a clause provided for its own revision at the insistence of either party. The moment for negotiation was highly propitious, in view of the fact that the Socialist Macdonald was Prime Minister of Great Britain, and the Socialist Herriot was Prime Minister of France; while the consequences of rejection were sufficient to appal the most stout-hearted Chancellor.

Yet even before the Experts had reported, a vast, ill-informed opposition of doubtful sincerity, led by

Nationalists both inside and outside the Reichstag, though by no means confined to them, began a campaign of resistance to the plan. Its catch-words were "slavery," "chains," "Ottomanisation." The propaganda gathered in violence as it fed on the irritation (to some extent perhaps natural) at what was considered to be an invasion of Germany's sovereign rights. Soon it was reflected in the Reichstag. The Chancellor, perceiving that there was no longer a sure majority for the policy of the Government, and believing that the political parties by their manœuvrings were leading the country towards disaster, decided not to proceed further with the emergency legislation, but to dissolve the Reichstag forthwith and hold a general election.

The Dawes Plan made its appearance while the campaign was still in progress and may have had a steadyng influence. But the election was fought under the shadow of the inflation, and the discontent that had been engendered by the events of the Ruhr, the abandonment of passive resistance, the Saxon and Bavarian risings, and the trials of stabilisation affected the result to a far greater degree. The old experience was repeated : bad times favoured the extremists, who had profited also by the evil effects of suppression. General von Seeckt had officially declared the Communist and National Socialist Parties dissolved by decree on November 20, 1923 Yet on May 4, 1924, there voted in round figures 3,750,000 Communists, who thus secured 62 seats in the Reichstag, and 1,924,550 National Socialists, who secured 32. The Nationalists, Monarchists, and anti-Republicans of all kinds gained ; the Socialists and bourgeois Republicans lost ground. The result, whatever might be the construction placed upon it, still left the supporters of the Dawes Plan a sufficiently strong position to secure a simple majority, though not the two-thirds majority necessary

for legislation making the constitutional alterations involved. The Socialists, who had now abandoned their last revolutionary dreams, were ready to give their votes in its favour, their leader, Hermann Muller, observing that the hopes they had been unable to realise when they had 169 votes were not likely to come true now that they had only 100.

With his bare working majority Dr. Marx could now face the Reichstag. The Experts themselves had warned the Allies that the Plan must be accepted as a whole. The Nationalists, who had come back with the idea that they would tinker with it and whittle it down by amendments, were curtly told that they must accept or reject it, the Chancellor adopting their contention that Germany's consent should be subject to two conditions: that measures must be made to restore Germany's capacity to pay, and that no territory must be occupied in excess of that authorised by the Treaty of Versailles—in other words, that the Ruhr must be evacuated.

Meanwhile the representatives of the creditor nations, having first met to agree among themselves, summoned the German Delegation to London for a Conference designed to give Treaty form to the prospective German obligation to carry out the plan. The chief delegates, Dr. Marx, the Chancellor, Dr. Luther, the Finance Minister, and Dr. Stresemann, the Foreign Minister, had undoubtedly a difficult task before them. They had to bring back with them concessions of sufficient value to overcome the opposition of the Reichstag. Before they left Berlin the Nationalists required them to take their stand in London on the phrase "The Ruhr must be evacuated or we go straight back," that being their conception of bargaining. On the other hand, Mr Macdonald and M. Herriot previously met at Chequers and agreed

that the question of the military evacuation of the Ruhr should not be discussed, M. Herriot representing that it would be impossible to get the parties of the Right in France to agree to it.

In the end it was the Germans who got their way. It was they who held the cards in their hands. As usual, the real conference took place outside the Conference chamber. In putting forward their condition that production must not be subjected to any other control than that proposed by the scheme the Germans had the support of the Plan itself. If the phrase meant anything, it meant at least the removal of all the French and Belgian railway-men operating the railways on the right and left banks of the Rhine. The British Prime Minister agreed at once; the French Prime Minister replied that he required the assent of his Cabinet to the principle before he could negotiate on the point. But it was of minor importance compared with the military evacuation of the Ruhr, since if that were disposed of the rest would naturally follow. Here it was necessary for the Germans to take French public opinion into account.

As to this, two currents could be discerned. The one was that France could safely evacuate the Ruhr at the end of two years, on condition that German deliveries to the amount of 1500 million marks were secured by industrial and railway debentures. The other was that it depended upon the disarmament of Germany being completed to the entire satisfaction of the Inter-Allied Military Control Commission. To have complied with the second would have been to court the opposition of all the parties in the Reichstag, because, whatever might be the merits of disarmament in the abstract, practically the whole country was united in objecting to its being imposed from without. The first offered a better line of advance. Its financial aspect could be left to the Plan. Two years,

however, was too long, Germany and her creditors might perhaps compromise on a year. When the Germans proposed this, Mr. Macdonald declared that the British Government would do everything it could to hasten the evacuation ; M. Herriot, having consulted his Cabinet, replied that France would agree to the Ruhr being evacuated within a year. To this the Germans replied that they could not accept this as the price of their assent to the Plan ; they must have something more definite ; evacuation must begin on a fixed date, which must be as early as possible. A futile attempt was made to solve the problem by coupling it with an arrangement between French and German industrialists. Then, when this had failed, M. Herriot agreed that the evacuation of the Ruhr should be completed at the end of a year from the signing of the Dawes Plan agreement in London. Even then the German delegates were not satisfied. They pointed out that when they returned to Berlin they would be asked when the evacuation was going to begin, and that they must be able to show the Reichstag some tangible result. In the end they obtained the undertaking that Offenburg and Appenweier should be evacuated forthwith, that the evacuation of the Dortmund zone should be begun twenty-four hours after the agreement had been signed, and that the evacuation of the Ruhr should be completed within the year together with the "sanction" towns of Dusseldorf, Ruhrort, and Dursburg. In return the Germans undertook loyally to fulfil the obligations of the Dawes Plan during the same period. Since, however, no payments from Germany's own resources were to become due till the second year of the Plan (the money for the first year being found by way of an international loan), the German half of the bargain represented just nothing at all. It was a masterpiece of one-sided bargaining. Therewith the agreement was initialled.

The passage of laws by the Reichstag relating to the railways, Reichsbank and other matters was still necessary before the Plan could be put into effect. But the Chancellor and his associates could now face the Reichstag with concrete results. They had secured an undertaking that evacuation should begin at once, and as to this the French Government was as good as its word, for the French were out of Offenburg and Appenweier almost before the delegation was back home. They had secured that in future all disputes on reparation questions could only be settled under the presidency of an American ; that America was a creditor nation, and since the creditor had an interest in the welfare of the debtor this would act as a moderating influence ; and that the Powers interested in receiving annuities from German trade would in future be most unlikely to allow their security to be impaired by such actions as the occupation of the Ruhr or any other district. It was obviously so much better than any alternative ; indeed, some alternatives, such as M. Poincaré's proposal that the railways of the left bank of the Rhine should be turned into a company managed by an international board of French, British, Belgian, and Rhineland (meaning Separatist) directors, were a good deal worse for Germany than the worst features of the Plan.

There was a large volume of support for the Plan in Germany. The idea of American interest appealed to them. A certain sense of security seemed to accrue from their indebtedness to America. The German business world had already obtained about 1500 million marks on short-term loans, and the amount was certain to increase. If the scheme were put into operation they would probably be converted into long-term credits ; but if it were rejected, they would undoubtedly be withdrawn. The effect of an international German loan of 800 million marks was

bound to have a great influence on German credit and to provoke a world-wide interest in German investments ; while its effect on public confidence at home was certain to be reassuring. Altogether the Plan showed that those who were foremost in attacking Germany abroad were not averse to doing good business with Germans, and those in whose hands Germany's destinies lay perceived that good business might form a useful basis upon which to restore normal relations.

One fence, however, lay ahead which might yet bring a fall. The Dawes Plan implied the transfer of the State-owned Railways to a company, and this, in turn, being in effect an amendment of the German constitution, required that a law should be passed by a two-thirds majority in the Reichstag. The Government had no such majority ; the Nationalists, if they liked, could make good the threats they had been uttering, and defeat it. But when it came to the point, they hesitated before taking a step that must have plunged Germany back into chaos. Rather than do so they elected to sell the Government the necessary forty-eight votes in return for an undertaking that they should be given portfolios in the next Cabinet. They justified their action by declaring that those of their members who voted against the plan did so because they believed that it involved an impossible burden, and that this consideration outweighed all others ; those who gave it their vote did so on the ground that thereby a serious crisis was avoided, and that the Nationalists by participating in the next Government would exercise an influence on trade which would favour the fulfilment of the Plan. These were fine words, and the bargain was struck. But what the Nationalists really wanted was a voice in the Tariff Bill that was to be Germany's next legislative step when the reparation problem had been disposed of.

But it is not necessary to probe too deeply into their

motives. The London meeting was in truth the first real Peace Congress in the liquidation of the war. The London Agreement was the first real Peace Treaty. It marked the departure from war and the psychosis of war. The effects were deep and lasting. It led to the first step towards consolidating a united Germany under a Republican system. It also created abroad the new political spirit that was to attempt the pacification of Europe in the Locarno Treaties, Germany's entry into the League, and the subsequent Geneva meetings.

CHAPTER XVII

PROSPECTS OF THE REPUBLIC

THE real stabilisation came with the Dawes Plan, the operation of which determined the course of events in Germany for the next few years.¹ It had its effect on every department of economic life, as well as upon home and foreign policy. The struggle as to the form of the State passed beyond the sphere of republicanism or monarchism. The opponents of the Republic moved towards participation. Some of them may have modified their views on republics, monarchies, dynasties, parliamentary government, and the other shibboleths that had hitherto been the counters in the political game. But one thing became evident—the Republic was more firmly established than ever, and this was no time to tinker with it.

The Reichstag had been elected in May 1924 to clear up the confused situation attending the deflation of the currency, the discovery of a *modus vivendi* with Bavaria, and the solution of the reparation problem. In the course of its brief term it had shown that it reflected to the utmost the discontents that had been left behind by that agitated period. Now that it had passed the legislation necessary to give effect to the Dawes Plan it was seen to have served its purpose. Politically it was out of date. It no longer reflected the opinion of the country. The dissatisfied extremes were over-represented, the elements of stability lacked the support which was their due. Dr. Marx soon found himself in difficulties and no longer safe

against a vote of confidence at a moment when, if only for the consolidation of results, Germany most needed a united front. He took the step of advising President Ebert to dissolve the Reichstag, and this was accordingly done by decree on October 20, 1924.

The new elections which were held on December 7 fully justified this step. The results were what might have been expected. The extreme elements lost heavily, the steady influences gained. The Communists polled about 1,200,000 votes fewer than in May, and returned with 45 seats as against a previous 62. The National Socialists dropped 1,100,000 votes, and came back with 14 seats as against a previous 32. That the defeat of these parties was not more marked was merely evidence that the discontent occasioned by the disturbances of the year 1923 had not been entirely allayed. The course of the campaign, however, had demonstrated that both were in a state of rapid decay. Violent extremes thrive on bad times, and the steady improvement in trade, wages, and the standard of living was altogether against them. Had the election taken place three months later the Communist vote would have fallen by another million at least.

This was the outstanding feature of the election. It had its counterpart in a more than corresponding increase in all the elements of moderation. It is true that the Socialists gained 1,700,000 votes and the Nationalists half a million, and a superficial view, widely taken at the time, was that the German people were separating out to the Right and Left for a final struggle for the power of the State. It was a false estimate. The Socialists had passed completely from the last phases of the revolutionary stage into that of reform, the Nationalists had so far accepted the Republic as to demand a share in its government. The election, in fact,

showed that the Republic had left revolution behind for a period of evolution along moderate bourgeois lines.

The Nationalists, who had been gradually groping their way through the shadows from uncompromising opposition to the dawn of power, acquired fresh strength in the country. The Eastern agrarian provinces, the cities of Brandenburg and Prussia, together with certain classes of society, had always been theirs ; now they began to recruit in the industrial towns and among the petty bourgeoisie.¹ The geographical aspect of the election showed that their representation was growing, and changing as it grew. Perhaps if their leaders had been capable of a little more generosity and broad-mindedness at this stage they might have swept the country. This, however, must be admitted—reactionary as their views were and remained, they adhered faithfully to them. Wider co-operation was out of the question owing to their profound mistrust of the Socialist elements. The whole history of Socialist participation in government had left the impression on their minds that Socialists were unable to resist exploiting their Government in the material interest of their party.

The Nationalists themselves cannot be entirely absolved from something of the same spirit. But when they entered the new Government and manœuvred the Socialists into opposition they did so with something more than the mere lust for power. Their first duty was to their agrarian and tax-paying followers, and they performed it with a one-sided highly protective tariff and a considered scheme of taxation. Both were extremely favourable to agriculture, though in neither case did they drive their tactical advantage to a point of exasperating their opponents. The chief feature of their co-operation in the work of government was the evidence it afforded that times had changed. The steady influence was

reflected in improved trade which persisted even throughout a series of oscillations and financial crises that formed the last backwash of the inflation.

It was in this transition period that President Ebert died. He had not spared himself in the onerous and exalted position into which fate had projected him, and the last stage of his career had been rendered more difficult by the unrelenting vendetta with which his personal and political enemies pursued him. While his hands were full with the work of consolidation they raked up incidents in his past and sought by the ready instrument of the law to brand him as a traitor. The epitaph pronounced by the world outside Germany, where his conduct of the State had been more dispassionately observed, was that "President Ebert was a very wise man."

The election of his successor produced a period of great excitement. The constitution provides that the President of the Reich must be elected by direct vote and by an absolute majority, a system calculated to let loose political passion on a grand scale in troubled times. It was the first occasion on which the law was put into practice; President Ebert had been elected by the Reichstag and his election had never been confirmed by a direct vote. The first election failed to produce a definite result, but the constitution permitted the nomination of an entirely new candidate in the second ballot, and the whole outlook was changed by the unexpected nomination of Field-Marshal von Hindenburg as candidate. He had been put forward on previous occasions when the opponents of the Republic had attempted to get rid of Ebert, notably on the eve of the Kapp Rebellion, and the proposal now had the appearance of being a reactionary move. Therefore, although Hindenburg still retained the affection of the great majority of the people—he had made no ill-advised incursions into

party politics such as had discredited Ludendorff—the bourgeois, Catholic, and Socialist Parties united in opposing him. The Communists ran their own candidate and thereby exposed the further decay of their party. The magic of Hindenburg's name was still strong, his victory an easy one, and he took the oath of loyalty to the Republic without qualification. Though the professed Republicans were defeated at the polls it was really a triumph of their cause, that the reactionaries should put forward the nation's hero as candidate for the highest office of the Republic. Once elected, they joined in acclaiming him. The fears that Hindenburg's election would prove the forerunner of a change of policy were falsified. Hindenburg chose to regard the German Republic as the German Commonwealth, and he did his utmost to smooth the way to a temporary reconciliation between Monarchists and Republicans. The spontaneous demonstrations of loyalty on the occasion of his eightieth birthday on October 2, 1927, in which the great majority of the German people took part, was proof that his method was the right one.

The Nationalists participating in the Government, Hindenburg at the President's palace—these were two outward signs of the process of consolidating the Republic. A third was the exhortation delivered by Captain Ehrhardt, the military executant of the Kapp and von Kahr rebellions, to the members of the patriotic societies, in which he advised them to abandon their uncompromising opposition and take a hand in the conduct of affairs. Whatever the motives may have been it is quite certain that the perpetuation of the Republic was not one of them. Still less were they converted to Republicanism. But it was an enormous advance from the uncompromising worship of Kaiserism. Though their faith in Germany's destiny remained undimmed, experience had taught the

need for a change of methods. They made no concealment of their regard for military force as the ultimate appeal and military virtues as the embodiment of the national spirit. For the time being, however, and until such time as Germany could forge a new weapon, they seemed prepared to accept the Republic for what it was worth.

These events reacted to a marked degree upon German policy both at home and abroad. An attempt to conciliate the expropriated bourgeoisie was made by a revalorisation of paper mark loans ; the ex-royal houses were given generous compensation. Trade agreements were concluded between Germany and the principal States of Europe and America, though a trade-war was forced upon Poland, perhaps for the deliberate purpose of keeping open the possibilities of a political dispute. It was, in the words of Mr. Kellog, one of the postulates of the Dawes Plan that there must be friendly intercourse, exchange of products, and revival of industry if Europe was to be prosperous and her people happy ; but Germany evidently did not intend to apply the principle where her antipathies intervened. More important were the influences exercised by the stabilised conditions upon German foreign policy. The reparation problem carried with it certain implications which of themselves determined the main direction of Germany's relations to foreign States. Apart from this the aim of Germany is to secure (1) the evacuation of the Rhineland by the armies of occupation on the ground that by accepting the Dawes Plan Germany has fulfilled her obligations under the Peace Treaty ; (2) the revision of the Dawes Plan itself on the ground that it cannot be fulfilled without modification ; (3) the reconsideration of the Eastern frontier with Poland, especially with regard to Danzig and the corridor ; (4) the return of the German colonies ;

and (5) the union with Austria. A sixth might be added in the demand for an inquiry into the "responsibility for the war," though if the Germans should ever succeed in foisting this demand upon their former opponents it would be necessary to give the inquiry a strictly historical as opposed to a political form—and even that would be to court danger.

The complicated frontier situation resulting from the territorial clauses of the Peace Treaty left Germany with the opportunity of agitation in a dozen directions. Alsace-Lorraine, Eupen and Malmedy, Schleswig, the Saar on the one side and Poland, Danzig, East Prussia, Memel, Upper Silesia on the other, were all the object of German propaganda, through the agency of societies enjoying official support and often official funds, and operating through German minorities for the ultimate purpose of recovering German *irredenta*. The existence of non-German majorities is allowed to carry no weight in these plans. Even majorities can ultimately be absorbed.

The most dangerous of these problems were Alsace-Lorraine and the Polish corridor, both a menace to the peace of Europe as long as they were allowed to be the subject of a militant policy. It was therefore imperative that they should be settled in some form, and the recognition of this fact in Germany led to the acceptance of the invitation to Locarno. But for the consolidation that had taken place in the Republic neither the meeting nor the solution adopted there would have been possible. As it was, the Nationalists registered their protest against what they considered the wanton and gratuitous recognition of the post-war status of Alsace-Lorraine by resigning from the Government; while the future of Poland was safeguarded only in so far as an undertaking was given by Germany not to attempt the alteration of the Eastern frontier except by negotiation.

A resolution taken by the Cabinet on September 25, 1924, had authorised the Government to seek admission to the League of Nations on the ground that the League exercised a great influence with regard to the protection of minorities, the Saar, general disarmament, colonial mandates, and international co-operation, questions which could not rightly be settled without the co-operation of Germany. Locarno had now made Germany's admission to the League possible, and after some delay this was accomplished. The Germans as a whole have very little faith in the League or in international co-operation, and they agreed only because material advantages might accrue that were to be obtained in no other way. The League, in short, was to be an instrument, and it is not without interest to recall the words of a deputy in the Reichstag : "The League will find us uncomfortable people." Germany, however, also realised that the League, besides promising certain advantages, carried with it certain obligations, among them that of co-operating with other countries in the military enforcement of the League's decisions. In spite of an agreement that no State should be called upon to perform a task beyond its powers, this clause was believed to contain the elements of a quarrel with Russia in a combination of circumstances that might reasonably occur ; and for this reason the German Government concluded a treaty of reinsurance with the Bolshevik Government on April 24, 1926. It was at first intended to keep it secret, but it was published in *The Times*. Once more her geographical position forced Germany into a highly equivocal act.

The subsequent development of Germany's policy at home and abroad are outside the scope of this book. It remains only to consider, in a final survey, the present position and prospects of the Republic which from such

strange beginnings has survived through these perilous years. Three stages in its evolution may be noted : (1) the introduction of parliamentary government by the Kaiser, which marked the end of the absolute regime ; (2) the rise of the Soviets, called the November revolution, which coincided with the flight and ultimate abdication of the Kaiser ; and (3) the Bourgeois revolution, dating from the defeat of the Soviets and the establishment of a Republic, which has continued to modify itself in an unconscious effort of adaptation to the needs of the German people. One thing is quite certain, the German Republic is not the victory of social democracy as a new faith. The events of the war, and especially those of the last year, far more than the agitation of the Spartacists, led to the November revolution after it was realised that representative government under the monarchy had come too late. The movement may be traced to the illusions engendered by the early victories. These were mistaken by a military and non-political people for political successes, with the result that after each military victory they raised their demands. Disillusion was the more terrible as the dreams of vast annexations and the enslavement of tribute-paying nations vanished before the realities of defeat. The Republic was not hailed with joy as the new dawn. There was no cry of "We are free." It was but the despairing gesture of a beaten people. That the Republic has been slow to find a place in their hearts is not surprising.

All events go to show that the Socialists, by far the greatest liberal influence in Germany, would gladly have preserved the monarchy, limited and modified by parliament and perhaps under another monarch. But there was no abandonment of the national German spirit, using the words in their broad sense. Their own political

opponents may taunt the Socialists with internationalism and a weaker allegiance to the interests of their own land, but no foreigner who has observed German politics can doubt that under the thinnest veneer of every Socialist in Germany there persists the same spirit which has always characterised the German. Had it died, disintegration must have followed. The parties to the Weimar Coalition, which assumed the leadership when the first excesses of the November revolution had spent themselves, preserved the national spirit by the very fact that they set themselves firmly against the destruction of German unity.

Yet the Republic still finds in the adherents of the monarchy its most determined opponents. In analysing their attitude it is necessary to distinguish between monarchism and the monarch. They may be agreed as to the principle that monarchy is the more desirable form of state having regard to German tradition and temperament. But their paths diverge when it comes to the question of restoring the monarch. The upholders of the monarchical principle see Germany obtaining parliamentary government at a moment when faith in parliaments and respect for the wisdom of a majority is dying throughout Europe. They themselves have none, and they pay lip-service to the parliamentary Republic only from motives of expediency. Their ideal is the wisdom of the throne backed by force. But more than ever they lack the force. Leaving detail aside, Germany is disarmed, and though the Reichswehr is a framework permitting the rapid expansion of the personnel, the material is not available for rearmament. Unless those who guard the fate of France are lacking in perception and common sense (and it would seem that the contrary is the case and they are more vigilant than ever) Germany would be defeated long before rearmament could be com-

pleted. The Reichswehr may not be a trusty instrument in the hands of the Republic, but at present it is hardly a menace, and at most it forms a military state within the State. The patriotic societies are in decay and no longer threaten the security of the Republic. The attempts made from time to time to amalgamate them are a sign of their weakness, and they seem to be going to pieces on the divergent programmes of a National Socialist Republic on the one hand and on the other a veiled monarchism or what has been called "the flattery of fugitive princes" for which the former groups have nothing but contempt. The musters, demonstrations, "German days," and regimental celebrations reveal, rather than conceal, this difference, and the strength that remains lies, along with such future as there may be, in the hands of the National Socialists. A Fascist march on Berlin, as a parallel to that on Rome, is remote but not impossible.

A restoration is less likely; at the present time dictatorship exercises the greater appeal. It might find support in strange and unexpected quarters. The Republican idea as evolved under the bourgeois regime is nearer to Pan-Germanism than was the Reich evolved by Bismarck's policy. Had the Kaiser abdicated, or remained as King of Prussia only, Bismarck's Reich would have fallen back into its component parts. It was formed from the Prussian nucleus by a process of conquest and it rested upon geographical necessity. A restoration of the King of Prussia would be followed by the policy of military coalitions with the Federal States. These considerations must arise when the personality of the King of Prussia is mentioned. Hence the speculations as to the future of Prince Wilhelm as Kaiser of a new federation of German States are at least premature.

The militant spirit survives in Germany unweakened

by adversity. Racial and geographical considerations decree that Germany shall remain "an uncomfortable nation in Europe," and the precarious nature of the German Republic will remain a vital factor in any estimate of the prospects of peace. But for the Treaty of Versailles, with all its defects, the second European war would have begun to be fought by now. A peace on terms conceived by Germans in the flush of their victory would have carried with it the certainty of a new war. Would Germany have considered revision? It is unlikely. As for the Peace of Versailles its authors have never claimed that it was perfect. The Germans are already demanding that it should be revised. But those who have observed the progress of events in Germany since it was concluded cannot escape the conviction that its revision—indirectly and in part already begun—is better in our hands than in theirs.

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